FINANCIAL TIMES

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NEWS SUMMARY

Hundreds die in Jumbo crash

Two 747 Jumbo jets collided on the runway at an airport, Tenerife, in the Canary Isles and it was indicated that hundreds of passengers had died. The aircraft, both of charter flights with loads of tourists, belonged to Pan Am of the U.S. and the Dutch KLM airline.

... national news reported that ... had been killed and ... these figures are ... crash would be ... disaster in civil ...

... accident previously ... the crash of a ... Lockheed jet ... March, 1974, ... 346 lives.

... Spanish Air ... said that at least ... aboard the Pan Am had been killed ... used.

... aircraft carried a ... people, with 381 ... 25 crew on the ... jet and 229 ... 14 crew on the ...

... reports of a death ... "totally speculative" ... airline was in ... with Santa Cruz ... but did not ... casualty figures ...

The crash occurred in light ground fog, according to an airport spokesman. The Pan Am 747 was taxi-ing toward the take-off point when it crossed a runway and was hit by the KLM 747. An investigation has been opened by the Spanish authorities.

Neither of the aircraft was originally destined for Santa Cruz. Both were bound for Las Palmas, but were diverted because of a bomb explosion in the airport building there. The collision came as the two aircraft were preparing to fly back to Las Palmas, following the re-opening of that airport.

The bomb explosion was apparently the work of the Canary Islands Liberation Movement, whose leaders are based in Algiers.

It is understood that all the passengers on the KLM jet were Dutch nationals. In London, the Foreign Office said it had no reason to believe that any British subjects were involved in the crash.

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BUSINESS

Leyland hopes to meet target

● LEYLAND CARS is hopeful that within the next few days it will reach the target production rate set by Mr. Eric Varley, the Industry Secretary, as a condition for further Government backing beyond the end of the week. Back Page

● COMPANY PROFITS are too low to make much new industrial investment that is nationally desirable worthwhile, the Wilson Committee on financial institutions is likely to be told by leading merchant banks within the next fortnight. Back Page

● OZALID, the office supplies company, is expected to announce to-morrow that it has passed into Dutch control with the acceptance of a take-over bid from Oce van der Grinten. Page 5

● STOCK EXCHANGE membership is expected to back the completion of the £13.2m. Talisman computerised settlement project by a comfortable majority. Page 5

● EEC summit at Rome made an uncertain start on plans to restructure the European steel industry. Page 4. Steel-makers and unions in Sheffield have reacted angrily to reports that imported special steels, many of them dumped, have now taken over 70 per cent. of the U.K. market. Page 5. BSC is closing down a wholly-owned subsidiary and transferring its work of administering the Corporation's interest in British companies to the central finance department. Back Page

● FT Survey of Consumer Confidence showed that pessimism increased in March to the highest level for six months. There was also a marked increase in the feeling of being worse off among the higher social groupings. The FT grocery prices index rose by only 0.9 in March, the lowest rise for a year. Page 33

● MORTGAGE rates are set to fall in the next few weeks, said Sir Herbert Ashworth, chairman of the Nationwide Building Society, at the week-end. Page 28

● BRITISH YOUTH Council report argues there is a serious structural element in youth unemployment which an economic upturn will not automatically solve. Page 33

● ITALIAN cost of living index rose 2.3 per cent. in February, compared with 1.4 per cent. in January. The figure threatens to push the country's inflation rate over the 18 per cent. officially forecast for this year. Page 4

● VOLKSWAGEN announced price increases for its passenger cars averaging 3.9 per cent., in defiance of a public warning over rises a fortnight ago from the West German Cartel Office. Page 4

Silkin rejects EEC fish plan and seeks better farm deal

BY ROBIN REEVES: BRUSSELS, March 27

Mr. John Silkin, the Minister of Agriculture, flatly rejected the Community fisheries conservation plan to-night and demanded an EEC farm deal which will keep food price increases in the U.K. to a bare minimum.

The rejection of the Brussels Commission's fisheries plan, designed to head off the Irish Government's threatened unilateral ban from Irish waters of all large fishing vessels, was rather overshadowed by the three days of almost continuous negotiations on EEC farm prices for the 1977-78 season, beginning on April 1.

To-night the Council, presided over by Mr. Silkin, with Mr. Gavin Strang, Parliamentary Secretary for Agriculture, leading the British delegation, was girding itself for an all-night bargaining session to hammer out a farm prices package before dawn.

In the balance, as part of the overall package, hung a massive EEC subsidy to offset the scheduled rise of up to 16p a pound in U.K. butter prices this year.

British Ministers had made clear this week-end that in exchange for this they were prepared to accept a 2 per cent. devaluation of the "green pound."

But the breakdown on fisheries has undoubtedly thrown into turmoil months of politically delicate and exceptionally complicated negotiations on a common EEC internal fisheries policy which takes account of the New Year move to 200-mile fishing limits.

U.K. waters

Mr. Strang said that the Government's blunt refusal to go along with the Commission's solution to the Irish unilateral threat was on a major point of principle.

The Commission's conservation régime would have extended to large areas of water under British sovereignty, and affected some British fishermen adversely.

More important still, it would have applied right up to the beaches, including the mainly exclusive national fishing bands of six to 12 miles enshrined in the U.K.'s EEC accession treaty.

The proposed conservation arrangement, based essentially on quotas, was intended only as a temporary measure, pending negotiations of a definitive internal EEC fisheries régime by June 30.

But the Government took the view that to accept the Commission plan would be bound to prejudice its case for an exclusive coastal band of up to 50 miles as part of the long-term internal régime.

Mr. Patrick Donegan, Irish Fisheries Minister, not surprisingly expressed some sympathy for the British position, since Dublin, too, wants an exclusive zone of up to 50 miles in the definitive régime, although prepared to swallow the Community solution temporarily.

In the farm negotiations the difficulties centred on finding a compromise on milk prices acceptable to all the Nine. Dr. Strang still pressed for no increase at all, to show that the Community meant business in tackling the problem of perennial dairy surpluses.

Mr. Silkin's compromise proposal yesterday, for a temporary return to national pricing was rejected.

EEC summit Page 4

Four-year low in standard of living

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A FALL in living standards to the lowest level for nearly four years will be shown by official figures out this afternoon—one day before the Budget.

The figures will highlight the way the income tax system, which does not adjust automatically for inflation, squeezes take-home pay.

Mr. Denis Healey, the Chancellor of the Exchequer, is expected at least partially to offset this trend with sizeable income tax cuts to-morrow.

The national income and expenditure statistics are expected to show a drop in real personal disposable income of between 1 and 1½ per cent. between the third and fourth quarters of last year, to a level 1 per cent. lower than a year earlier.

This was suggested in the recent Bank of England quarterly bulletin which noted that, while real wages and salaries rose by about 8 per cent. between the beginning of 1973 and the end of last year, income tax and national insurance contributions restricted the rise in real disposable incomes to only 1 per cent.

Real disposable incomes appear to have been falling in the last few months under the impact of an accelerating rate of inflation and continued pay restraint. Indeed it has required a continuing fall in income saved, especially in the fourth quarter, to sustain consumer spending at even its recent, weak level.

Catching up

A decline in real disposable income of between 3½ and 4 per cent. has been projected by some economists for this year compared with 1976, but Mr. Healey is expected to offer the prospect that the combination of the Budget tax cuts and a satisfactory pay agreement could lead to a rise in real take-home pay in the year from July.

Catching up with the impact of inflation on income tax over the last 12 months would cost £1.5bn. in revenue, involve an increase in the married allowance from £1,085 to £1,245 and require a rise in the starting band for higher rates from £5,000 of taxable income to £5,750.

The total amount of income tax concessions will depend partly on the way the Budget is linked with the talks on Phase Three of the pay policy, but also on the leeway within the ceilings of the International Monetary Fund loan shown by the latest Treasury forecasts.

Tories and VAT back page

Pre-Budget news Page 33

Vance hopeful on eve of Kremlin talks

BY DAVID SATTER — MOSCOW, March 27.

MR. CYRUS VANCE, the U.S. Secretary of State, to-day expressed optimism about his talks in the Kremlin with Soviet leaders to-morrow, and said that the only way to achieve rapid progress in strategic arms limitation talks was for both sides to agree to large cuts in their stockpiles of strategic weapons.

Negotiations have been stalled by disagreement over whether and how to include the American Cruise missile and Soviet Backfire bomber in any second stage strategic arms limitation pact.

Apparently acting to conciliate his Soviet hosts, Mr. Vance said that he had turned down a request for a meeting from Soviet dissidents, and praised the reception he received yesterday at Vnukovo Airport, Moscow, from Mr. Andrei Gromyko, the Soviet Foreign Minister, as "very cordial."

Mr. Vance said the U.S. was ready for detailed arms control discussion, and he was prepared to stay in Moscow for several extra days if negotiations begin to make visible progress. It was still possible to reach a comprehensive SALT 2 agreement by the October deadline, but "both sides would have to work very hard and spend every effort."

Mr. Vance declined to indicate how deep strategic arms cuts would have to be. "I won't get into numbers, that's for discussion with the Russians."

After his arrival in Moscow, Mr. Vance said that the principal purpose of his visit would be to develop a negotiating framework to achieve a SALT 2 agreement.

He said to-day that the human rights controversy, which has provoked an angry and defensive response from the Soviet Union in recent weeks, should not impede negotiations.

Mr. Vance's arrival here comes amid rising Soviet Press criticism aimed at the Carter Administration's support of Soviet dissidents. The Soviet Press has also chided the U.S. for the lack of progress in achieving new arms control agreements.

The Communist Party newspaper Pravda to-day said the whole world was aware of the Soviet Union's readiness to improve relations with the U.S. But the passivity of the Ford Administration in concluding the new SALT agreement was motivated by political considerations in an American election year, and in the first two months of the Carter Administration constructive steps to improve relations were still not visible.

Pravda repeated charges that American support for Soviet dissidents constituted interference in the Soviet Union's internal affairs. It echoed a pointed attack on the Carter Administration by the Soviet Government newspaper Izvestia, which accused the White House and Capitol Hill of colluding in measures of support for Soviet dissidents, based on an "evangelical" approach to foreign policy. "It is very difficult to combine Sunday sermons with real life and real foreign policy, if not impossible."

Mr. Vance said: "We have spoken out on human rights across the board, not just in the Soviet Union. We have no intention of singling out any one country."

U.S. foreign policy Page 10

Ram joins Desai Cabinet and averts Indian crisis

BY K. K. SHARMA — NEW DELHI, March 27.

MR. JAGJIVAN RAM has agreed to join the Indian Cabinet headed by Mr. Morarji Desai, the man who beat him to the Premiership, thus avoiding a major crisis in the early days of the Janata Party-dominated Government.

Mr. Ram agreed to take the post of Defence Minister after two days of high drama during which some rather unedifying jockeying for positions took place among the contenders for the senior jobs.

Mr. Ram's name was originally among the list of Cabinet members announced by Mr. B. D. Jatti, the acting president, on Friday night, but the Congress for Democracy leader stayed away from the swearing-in ceremony the next day, claiming that he and his colleagues had never agreed to join the Government.

He maintained this position until this afternoon, when he finally submitted, having been asked by the ailing Mr. J. P. Narayan the highly respected opponent of Mrs. Gandhi, not to create disunity. Mr. Narayan spoke to Mr. Ram on the telephone from Bombay and the latter announced that he bowed before his wishes since "Mr. Narayan is my old comrade and I have the greatest respect for him."

"I place myself without any reservations in the hands of Mr. Desai, irrespective of what work and what place he allots me," Mr. Ram said.

Mr. Ram held the Defence portfolio during the Indo-Pakistan war but Mr. Desai has refused to make him Deputy Prime Minister or give him Number Two position in the cabinet, as sought by the leader of India's Untouchables.

Mr. Desai won the battle on his own terms and Mr. Ram emerges with his image considerably tarnished. For the past two days there have been demonstrations outside his residence by people angered by his defiance.

Mr. Ram's colleague, Mr. H. N. Bahaguna, will also take the oath of office to-morrow morning, shortly before Mr. Jatti addresses a joint sitting of both Houses of Parliament and Mr. H. M. Patel, the Finance Minister, seeks a vote on account for a few months.

The new Foreign Minister is Mr Atal Behari Vajpayee, leader of the Hindu nationalist Jana Sangh which will formally merge with the Janata Party after six weeks. Mr. Vajpayee is considered a moderate.

Mr. Desai to-day lifted the external state of emergency in force since the war with Pakistan over Bangladesh in 1971. Since Mrs. Gandhi lifted the internal state of emergency as soon as Congress lost the election, the way is clear for normalisation of the situation in India and restoration of democratic rights and civil liberties.

Bank lending sluggish

BY MICHAEL BLANDEN

INDUSTRY'S sluggish demand for bank loans in the past few months after last year's temporary increase is underlined by the latest break-down of lending published to-day by the Bank of England.

This shows that over the three months to mid-February, bank advances in sterling to the manufacturing sector rose by only £79m. compared with increases of £600m. or more in each of the previous two quarters.

The banks have suggested that the recent lending pattern may have reflected in part the anticipatory taking up of credit limits last year in the expectation of new official controls. That has been followed by a period in which industry has had little need to call on the banks for new funds.

Within manufacturing industry, borrowing by the "other engineering" group and by textiles, leather etc., both rose strongly. The main increases in sterling lending, however, came in the "other production" group, which showed a rise of £115m., and in the professional, scientific etc. category within the services sector, which was up by £162m.

Advances to the "other distribution" category, which had risen strongly in earlier quarters, fell by £164m. This was probably in part a reflection of the ban on the use of sterling to finance third country trade introduced last November.

Lending to the financial category fell by £65m., while borrowing by the personal sector rose slightly.

In mid-February, total advances outstanding to U.K. residents stood at £35.2bn., an increase of £266m. over the three months. Table of bank advances, Page 33.

Lib-Lab pact opposition fades

BY RICHARD EVANS, LOBBY EDITOR

THE remarkable agreement between the Government and the Liberal Party, which has ensured that Mr. James Callaghan's administration remains in power for several months, will be launched formally on Wednesday when the joint consultative committee set up to discuss Government business has its first meeting.

All the indications yesterday were that opposition to the pact within the Labour Party is likely to fade, after the failure of the Left to secure a special meeting of the National Executive Committee, but that many of Mr. David Steel's supporters are keeping an open mind before judging the benefits or drawbacks to the Liberal Party.

An enormous amount could depend on the result of the Stechford by-election on Thursday, which is now assuming even greater importance. It will provide the first indication from electors on whether the pact could herald a new voting pattern.

Third visit

Liberal leaders, in the knowledge that a poor result would be taken as a damning indictment of the pact and could do lasting damage to the prospects for co-operation with the Government beyond the autumn, are putting everything they have into the campaign.

Mr. Steel paid his third visit to Stechford at the week-end before deciding with Parliamentary and party colleagues yesterday on the composition of his new "shadow administration" that will be announced to-day. It will include all 13 MPs and about five Liberal peers.

Liberal MPs are laying great emphasis on the regular consultations they will be having with Ministers and are already talking in terms of continuing the agreement beyond the end of the session in the autumn.

Mr. John Pardoe, the party's economic spokesman and former leadership candidate, was asked on television yesterday whether he thought it more or less likely that the pact would go beyond the autumn. "I think it is more likely," he replied.

Mr. Cyril Smith, MP for Rochdale, however, said the Liberals would judge the pact by how much influence they had on Government policy.

According to an opinion poll in The Observer, nearly two out of three Labour voters would like to see a continuing arrangement with the Liberals as a permanent feature of British politics. The poll, by Louis Harris International, showed that the great majority of Labour voters (71 per cent.) approved of Mr. Callaghan's deal.

What remains to be seen is how successful Mr. Callaghan is in the next few weeks in surmounting the major tactical hurdle presented by the agreement—the issue of direct elections to the European Parliament. Mr. Callaghan has promised Mr. Steel to use his best endeavours to secure success in a free vote for a system of proportional representation.

Both the Cabinet and the Parliamentary Labour Party are badly divided on the issue of direct elections, and on the voting method to be used. The Government's White Paper to be published later this week will set out a number of alternative electoral systems without making any firm recommendations.

The one that appears to have strongest support is a regional list system, in which candidates chosen by the regional party organisations are elected according to the number of votes cast in each region.

Mr. Pardoe said in a BBC radio interview yesterday that he was confident Mr. Denis Healey, Chancellor of the Exchequer, would consult him about the contents of Phase Three of the pay policy, due to come into operation in August.

He expressed his opposition to nationally agreed pay awards and argued that there should be pay rises of 5-10 per cent. decided by individual plant bargaining and linked to productivity.

"If you are being hard-headed about this it seems to me that what the country can afford is nowt in terms of a pay increase," he declared.

Stechford by-election report Page 27

Prentice may stand as independent at election

BY RICHARD EVANS, LOBBY EDITOR

MR. REG PRENTICE, the disaffected Labour MP for Newham North-east, confirmed yesterday that he intends to stand as a parliamentary candidate for the constituency at the next general election whether or not he has the backing of the local Labour Party.

As the chances of Mr. Prentice coming to terms with the local party seem increasingly remote, he will probably stand on a Democratic Labour ticket — like Mr. Dick Taverne at Lincoln — presumably against an official candidate put up by the local party.

The former Minister for Overseas Development, who resigned from the Government three months ago because of general disaffection with its policies, made his position clear in a statement that will end speculation about him joining the Liberals.

Mr. Prentice said he was not prepared to line up with others at a selection conference conducted by his local party, although if it changed control, it would be welcome to endorse his candidature.

"It now appears almost certain that I shall not have their support and in that case I shall run as a Democratic Labour candidate."

Mr. Ron Wotherspoon, Tory candidate for Dagenham and vice-chairman of Newham North-east Conservatives, said last night that he would vote for Mr. Prentice, if he did not stand as the official Labour election candidate, although the Tories were fielding their own candidate.

LOMBARD

Sidelights on the 'strategy'

BY SAMUEL BRITTAN

SOME FASCINATING light on the development of the so-called Industrial Strategy is provided by Professor Alan Peacock, formerly Chief Economic Adviser to the Department of Industry, et al, in the March issue of the Three Banks Review. The aim of the article is explained by its title Giving Advice in Difficult Times, which Professor Peacock defines as times "characterised by economic crises coupled with unusual political instability." His main aim is to show the relation between the *motivation of politicians* and the way in which professional economic advice is given. But his comments on the evolution of the Industrial Strategy, although intended as an illustration, are useful for their own sake.

He starts off by dispelling the myth of the Cabinet as a unitary being with stable or predictable aims. On the contrary, it is an oligarchy with varying membership whose aims are constantly changing. Professor Peacock is *also reminded of Keynes' bon mot* about an American senator; that "he had both ears so close to the ground that he could not hear what an upright man was saying"; but he believes it to be only a half truth in relation to British Ministers. More important is that they are anxious to get their hands "on major instruments of policy which enable them to make their mark."

Competition

Political competition between the parties has also induced Ministers to utilise a whole lot of selective measures "if for no other reason than that they must be seen to be acting vigorously within the appropriate regions." The recession has also reinforced the perceived political necessity for dramatic actions to save jobs, and for other instruments such as pay and price controls, outside the realm of traditional Treasury management. But whatever the origin of these policies, Ministers now have a vested prestige interest in their retention; and many non-Treasury Departments cling strongly to particular economic weapons which give them a new-found independence.

In a paragraph, obviously written from the heart, Professor Peacock points out that if official advice does not satisfy their preconceptions about large and early benefits from their intervention, Ministers will turn to personal political advisers or the Think Tank. Senior economists are under pressure to produce arguments and figures to back up *preconceived views of politicians*, on pain of losing all influence with them.

What stands out most clearly from Professor Peacock's account *is that* policy instruments such as the NEB, or "planning agreements" become ends in themselves. Clear objectives are difficult to find. Ministers differ on the importance of preserving existing jobs against adaptability and change, involving the redeployment of workers. For all the talk of a high wage, high output economy, the practical emphasis tends to be on immediate job preservation.

Even for the longer term, *politicians are impatient* of anything which suggest that economists do not know, or are divided about, how Governments can influence the long term growth of manufacturing. Professor Peacock is highly sceptical of a policy of investment for its own sake. He suggests that if there are policies which can improve the efficiency with which capital and labour are used, they may have to take the form of cancelling out other Government policies, for example, rent control, which impedes mobility. This is not music to the ears of politicians, who are quick to seize on performance differences between sectors, but shy away from any talk about defects in the operation of the labour market—defects which, I would add, some of them have spent their lives constructing.

Incoherence

The framers of the Industrial Strategy have no articulate idea of priorities, and no coherent views about why performance has been bad or how it can be improved. But they do like intervention for its own sake. If economic advisers can provide no brilliant devices for achieving faster growth other than by restoring competition, and if they tell Ministers what is wrong with the latter's hobby-horses, so much the worse for the advisers. (The big difference between the Crosland version of social democracy—at least as outlined in The Future of Socialism—and the Healey version, is that Crosland concentrated on ends, while the Healey school of thought treats certain means—and bogus technocratic means at that—as if they were ends.)

Professor Peacock argues that in these conditions, an economic adviser has three choices. He can content himself with providing pseudo-technical briefs to justify what Ministers—and high-flying civil servants in the political swim—wish to do. He can wait patiently for a change of heart; or he can pack his bags. My vote is for the last of these courses.

THE WEEK IN THE COURTS

Law Lords reverse rent review rule

BY JUSTINIAN

INFLATION INFECTS every aspect of contemporary life, none more so than the property market. Landlords need to guard against the depreciation in the value of the rent they receive from their tenants by providing that the annual rent be reviewed at fixed periods during a long lease.

The method employed is that the lease contains a clause for the periodic assessment of the existing market rent, and if it be higher than the rent then payable by the tenant there is a provision for the substitution of the latter by the former.

The wording in the clauses in leases varies widely. There are several different ones in the precedent books, but a feature common to all is that they specify a procedure for the determination of the revised rent by agreement between the parties (or, failing that, by an independent valuer or arbitrator). They also set out a timetable for taking steps in that procedure which, if followed, enables the revised rent to be settled not later than the review date.

These rent review clauses have been very troublesome over the years and have frequently come before the courts for resolution. Apart from the construction of particular clauses, the main problem has been to determine whether a failure to keep strictly to the timetable laid down in the review clause deprives the landlord of his right to receive an increased rent during the period that will elapse until the next review date.

Until last week, when the House of Lords set the matter finally at rest,* the answers given by the courts seemed to turn upon fine distinctions between the wording of particular clauses so as to classify them either as conferring upon the landlord a unilateral option or as merely laying down the machinery for the performance of mutual obligations by the tenant as well as the landlord.

Dichotomy

In the former case, the exercise of the option by the landlord requires him to abide strictly by the timetable; in other words time is of the essence of the matter, as the lawyers say. If, on the other hand, the rent review clause is merely the machinery for the performance of mutual obligations, then time is not of the essence and delay does not defeat the variation in the fixed rent.

In both of the appeals that came before the House of Lords, two separately constituted courts of appeal had abandoned the dichotomy between the so-called "option" clauses and the "mutual obligation" clauses. Instead, they proceeded upon the assumption that the commercial character of a contract contained in a lease incorporating a rent review clause was indicative of the parties' intention that time was of the essence of the contract. Each step in the procedure for review had to be taken in a timely manner by the landlord in order that he should obtain a determination of any increased rent.

The two appeal courts held in effect that there was always a presumption that time specified in a rent review clause for anything that needed to be done by the landlord is of the essence and that this presumption will prevail unless there are strong contra-indications in the actual wording of the clause.

It is indisputable that a landlord and tenant may provide expressly that time is or is not of the essence of the contract in respect of all or any of the steps required to be taken and that if the parties do that the courts will give effect to their avowed wish.

Commercial

The House of Lords has now unanimously held that the presumption is to the contrary—namely, that time is not of the essence. The question of principle involved is not answered simply by asserting that the contract of tenancy is to be classified as being of a commercial character. In some stipulations in commercial contracts, as to the time when something must be done by one of the parties, or some event must occur, time is of the essence. In others, it is not.

In commercial contracts for the sale of goods, a stipulated time of delivery is normally of the essence, but a stipulated time for payment is not. A contract of tenancy of business premises would not appear to be more of a commercial character than a contract for the sale of those premises.

Rent review clauses, if they result in any alteration of the rent previously payable, can only have the effect of providing for the payment of a higher rent than would be payable by the tenant if the review clause had not been put into operation. So the only party who benefits from a review of rent is the landlord. It is highly unlikely that the tenant would initiate the review. It was this concentration of initiative and benefit to the landlord that led the courts hitherto to regard the rent review clause as conferring upon the landlord a unilateral right to bring into existence a new contractual relationship with his tenant. This was regarded as sufficiently analagous to an option to make time the essence of the occurrence of each one of the events in the timetable laid down in a review clause. This analogy was firmly rejected by the Law Lords.

Unwilling

The determination of a new rent stipulated in the rent review clause neither brings into existence a new contract between the landlord and tenant, nor ends the existing contract. The review is an event contemplated by the lease, so that the tenant has accepted an obligation to pay a rent to the landlord, but with the possibility of a revision from time to time. The tenant's acceptance of that obligation is an inseparable part of the agreement whereby the landlord grants a lease for a given term of years.

Without the review, in a period of constant inflation that is unlikely to go away in the foreseeable future, the landlord would probably be unwilling to grant a lease for a longer period than up to the first review date, or at least would demand a higher rent to be paid throughout the term. By the time of each review of rent the tenant will have received a substantial part of the whole benefit that it was intended he should obtain in return for his acceptance of the obligation to pay the higher rent for the succeeding period.

In essence there is no relevant difference between the obligation undertaken by a tenant under a rent review clause in a lease and any other obligation in a contract that is expressed to arise upon the occurrence of a described event.

Since the substance of a review clause is to provide machinery for ascertaining the market rent from time to time at the intervals agreed in the interests of the parties, rather than to confer a benefit on the landlord, a timetable need not be rigidly adhered to unless there is something in the clause to indicate that time is of the essence. The courts are thus free to determine whether in the particular case there has been an injustice resulting from a protracted delay.

* *United Scientific Holdings Ltd. v. Burnley Borough Council* and *The Cheapside Land Development Co. Ltd. v. Messels Service Company.*

SOCCER BY TREVOR

Luton make it look e

LUTON TOWN extended their remarkable run to 23 points out of 24, by beating a wretched Carlisle United 5—0. They are now one point behind the joint leaders, Wolves and Chelsea.

The size of their victory did not exaggerate their superiority, as they missed a penalty, hit the inside of a post and squandered a number of fairly easy chances.

All this might suggest that Luton are a high quality team, who, if they win promotion, would immediately make an impression on the First Division. The truth is that the visitors were so poor that Luton had nothing to beat. On this showing Carlisle will not only be relegated, but will find it hard to survive in the Third Division.

Once Luton realised that a square, static defence employing a clumsy offside trap was suspect against the chip over the top, and vulnerable down either flank, the main interest centred on how many goals they could put past a jittery keeper.

A defender misjudged a hopeful long ball, which allowed Fuccillo, an above-average midfield player, to run through and score, and R. Futcher, who led the forward line with enthusiasm and some neat touches, made it 2-0 before the interval.

The second half, besides producing three well-taken goals, of which, Husband's crisp shot on the turn was the most dramatic, West's long drive the most spectacular, and Aston's effort from an impossible angle the most improbable, belonged almost entirely to the home club.

The outstanding feature of Luton's success is that it has been achieved although they live under the shadow of a massive overdraft, are desperately short of money, their ground is really a throw-back to the Third Division South era, and their attendances are small.

Much of the credit belongs to their manager, Harry Haslam, who has refused to be discouraged by the many problems he faces. He keeps a philosophical sense of humour in both the good and the bad days, and others would do well to emulate him.

The first objective of every manager is to make the best use of his resources, and this is what he has done. The resources are limited, but his team is within sight of promotion, even though there must be at least half-a-dozen better equipped sides in the Second Division. He has given his men a belief in themselves, which combined with the speed of their running off the ball has camouflaged some obvious deficiencies in technique.

The big disapp was the form of t P. Futcher, wh style and poise but on Saturda many mistakes defender. The only b Carlisle was an play from their He who is on loan brough, and club which about organised mystified by wi around him.

The laugh's on Ful

FULHAM have taken over the title once held by their neighbours Chelsea as London's joke-club.

Richer businessmen have arrived on the Board . . . Mr. Tommy Trinder, for many years chairman, has been booted upstairs to life president . . . Mr. Alec Stock, a manager who has enhanced all the many clubs he has served, has departed with more dignity than he himself was shown . . . and those Soccer *virtuosi*, George Best and Rodney Marsh, have arrived, played, and not played. . . .

Over the years Sheffield United have been in yo-yo competition with Sheffield Wednesday, in and out of the First Division, although it is clear that next season Second Division football will again be the best that Sheffield can offer.

Fulham's 3—2 win over United was a bit of a joke. They did not deserve to be three goals up, nor, in the dying minutes, did they deserve to be in danger of losing a point.

After the promotion of Mr. Bobby Campbell to manager Fulham took their winless run to 14 games. Now, following an uncharacteristic transfer spree in which four players have been recruited, they have won two successive games and look capable of saving their Division II place.

As always, Fulham were dashing; as always, Sheffield United were crisp and economical. Mitchell put Fulham ahead after 24 minutes in a Storey, former arm man, who lead by the mid backs, managed for a misdemean kick awarded a

Three minut time Maybank forlornly, fell Fulham player o with contact b the area, refe (Swindon) surp a penalty, whi home. Mr. Sp far clearer offe box a minute la toppled Stainro

Maybank's att bounded off Lo promptly score angled shot (76

United were penalty when bundled off by ward, grey-haire a highly consis the years and recognition, too (76 minutes).

With seven m bush, presump foot in the Full he had been weeks before fr match, rolled from which against the righ which Edwards

Bizarre, yes finale at London If it's laughte Fulham's the m

RUGBY UNION BY PETER

Newport win grim semi-fi

THE WELSH semi-final between Newport and Ebbw Vale got off to an acrimonious start as Cranton, Newport's left-wing, leapt at Griffiths, Vale's full back, so forcefully that Richards had to be brought on as substitute. Cranton took only a minor part in a game marred by vicious outbreaks that Mr. Joseph did not punish adequately.

Newport won the game 7—3 because they had the better balanced side for most of the game. Davies for Newport and Lewis for Vale exchanged penalties in the first seven minutes, and Newport's vital try came soon after half-time as Squire held the ball, Billinghurst ran away without it, returned and then gave Rogers an inside pass for the score. It was a priceless try and the result of good forward play.

Newport had long pressure in the first half with Poole and Barrell joining up well with Billinghurst, and Waters winning easy line-out posession. But the great strength was in their front row of Smart, unyielding against Howls, Jones and Morgan.

So co-ordinated was the Newport shove that Lewis, the Vale scrum half, had a horrible time to begin with as his pack retreated.

When his side began to get more ball in the first period, Lewis's tactical kicking was not very accurate, which was in contrast with that of the Newport half-backs.

Their accuracy sent the Vale back reeling, but fortunately the excellent defence of Lewis and Tovey, the Vale centres, and the skilful cover of Burgess and Fryer, kept Newport out.

The Newport backs moved the ball with great skill, but significantly Ebbw Vale changed their policy in or rather the and improved Lewis allowed t

Vale began cleanly, and La half, began to some running ball.

Richards, the had been so Newport's pre also began to runs. The probl Vale's attacks their 25, the N port's turn to defence.

In the last m the Newport loc tackling every o just as Burgess to be in every attackers. Never Fryer, the young this evidence lo for international

Specialist Stenmark had t

BY ARTHUR SANDLES SOL-Y-NIEVE, Spa

AND SO the World Cup ski circus packs its tents and moves off into the Spanish sunset. The *past few days have seen* the final runs of the top ski series.

The climax had come during the last days of February when it was clear that Austria's king of the downhill, Franz Klammer, had produced another stunning season of skiing but still would not be able to beat Sweden's Ingemar Stenmark in the overall rankings because of the youthful Swede's skill in the slalom and giant slalom events.

The preponderance of these latter disciplines in the World Cup makes it impossible for a good downhiller to beat a good slalom skier when both are specialists.

The same thing happened in the women's events. Annemarie Moser-Proell returned to the World Cup in spectacular downhill style, but it was her slalom rival, Lise Marie Morerod, (Switzerland) who won the overall title. Here the margin was rather closer, with Moser-Proell coming fourth to Morerod in the final giant slalom in the lofty Spanish resort of Solynieve, a couple of days ago.

So hot has it been down here for weeks that the Spanish have had trouble with the snow. Down on the beaches of Marbella and Torremolinos it is bikini and Ambre Solaire weather, and less than 100 kms away the World Cup was forced from its planned setting to courses considerably higher.

A week of this and a skier's face starts to look like a roasted chestnut. At Malaga airport you can tell the skiers from the sunbathers; the skiers have even deeper tans.

Sol-y-Nieve, a little way into the mountains from ancient Granada is a ski-station in the

There would s the International can do about the in February. A moves on, the cha good downhill te but the need to k Cup as internatio means that the keep on the move.

So, this year, it slalomers who hav in the crowds in J Scandinavia, and as well as in the themselves.

Final World C Men: Ingemar (Sweden) 339, Kla (Austria) 250, Fr (Austria) 203. W Marie Morerod (Sw Annemarie Moser tria) 246, Moni (Austria) 196.

RACING BY DOMINIC

Blustery on target for Linc

AS HAD been expected the benefit of recent hurdling and flat form played a dominant role at Doncaster on Saturday, where the exceptionally testing ground conditions were "finding out" all but the fittest.

The 20-1 Irish Sweeps Lincoln winner, Blustery, was benefiting from three previous runs over hurdles. Miss Filbert had been in action at Cagnes-sur-Mer, and 33-1 winner of the opener, The White Tower, and also runner-up, Prince Henham, were following up recent runs over hurdles.

Blustery's victory was a notable triumph for his popular young trainer, Mark Smyly. Since he was purchased for 2,500gns. by Maurice Manasseh, a former Oxford University cricketer, and Bobby Lorenz, an international backgammon player, Blustery has had the Lincoln as his target.

Sent into the lead fully two furlongs from home Blustery quickly opened up a wide gap,

LEICESTER
2.15—Ari Mou
2.45—Bogey Man
3.15—Sylvia's Gift**
3.45—The Guvnor***
4.15—Last Melody
4.45—Moomba*

and as he forged clear inside the final furlong with a five lengths margin over his closest pursuers led by Miss Filbert he seemed sure to oblige by a wide margin.

However, his stride then began to shorten rapidly in the bog-like ground, and both Miss Filbert and Fluellen loomed up into challenging Fluellen, whom Pat brought round the o field for a clear ru a stride from victory However, there we luck stories from E reported that "Fluel off his feet by the fas and had to be swit outside for a run."

To-day's Hexham r already been abandon its waterlogged state, may still be possible ter's flat meeting. He of a likely winner is T a grey Sahib colt fro shall's in-form stable, for the Welford Han has only 7 stone 13 l valuable assistance strong lightweight Thomas.

TV/Radio

MONDAY MARCH 28

† Indicates programme in black and white.

BBC 1

6.40 a.m. Open University (UHF only). 12.45 p.m. News. 1.00 Pebble Mill. 1.45 The Flumps. 3.15 Songs of Praise. 3.53 Regional News (except London). 3.55 Play School. 4.20 Deputy Dawg. 4.25 Jackanory. 4.40 Blue Peter. 5.05 John Craven's Newsround. 5.15 It's Our Turn! 5.35 Paddington.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.50 Ask The Family.
7.15 Poldark.
8.10 Panorama.
9.00 News.
9.25 The Monday Film: "The Gang That Couldn't Shoot Straight."
11.00 To-night.
11.40 Weather/Regional News.

All regions as BBC 1 except at the following times:

Wales—1.45-2.00 p.m. Pili Pala. 5.55-6.20 Wales To-day. 6.50-7.15 Heddiw. 11.40 News and Weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 11.00-11.35 Public Account. 11.35 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40 a.m. Open University.
11.00 Play School.
3.00 p.m. World Table Tennis Championships.
4.55 and 5.45 Open University.
7.00 News on 2 Headlines.
7.05 Newsday.
7.45 Diary of a Village.
8.15 Leo Sayer Sings.
9.00 "The Lady of the Camellias," part 2.
9.50 The Age of Uncertainty.
10.45 World Table Tennis Championships (highlights).
11.25 Late News on 2.
11.35 Open Door: The National Marriage Guidance Council.

LONDON

9.30 a.m. Kimba. 9.55 Adventures in Rainbow Country. 10.20 Cowboy in Africa. 11.10 Let Them Live. 11.35 Spiderman. 12.00 Jamie and the Magic Torch. 12.10 p.m. Rainbow. 12.30 Drive-In. 1.00 News. 1.20 To-day's Post. 1.30 Indoor League. 2.00 Good Afternoon. 2.25 Monday Matinee: "Mysterious Island," starring Michael Craig, Joan Greenwood and Herbert Lom. 4.20 Clapperboard. 4.45 The Tomorrow People. 5.15 Batman.
5.45 News.
6.00 To-day.
6.45 Opportunity Knocks!
7.30 Coronation Street.
8.00 Oh No It's Selwyn Froggitt.
8.30 World in Action.
9.00 Charlie's Angels.
10.00 News.
10.30 Rising Damp.
11.00 Help!
11.05 People and Politics.
12.05 a.m. Close: Tina Heath reads "Godfacts," by Dick Williams.

All IBA regions as London except at the following times:

ANGLIA

[illegible]

ATV MIDLANDS

[illegible]

BORDER

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible]

SCOTTISH

[illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1 247m

(S) Stereophonic broadcast

[illegible]

RADIO 2 1,500m and VHF

[illegible]

RADIO 3 464m, Stereo & VHF

[illegible]

RADIO 4 434m, 330m, 285m and VHF

[illegible]

BBC Radio London 206m and 94.9 VHF

[illegible]

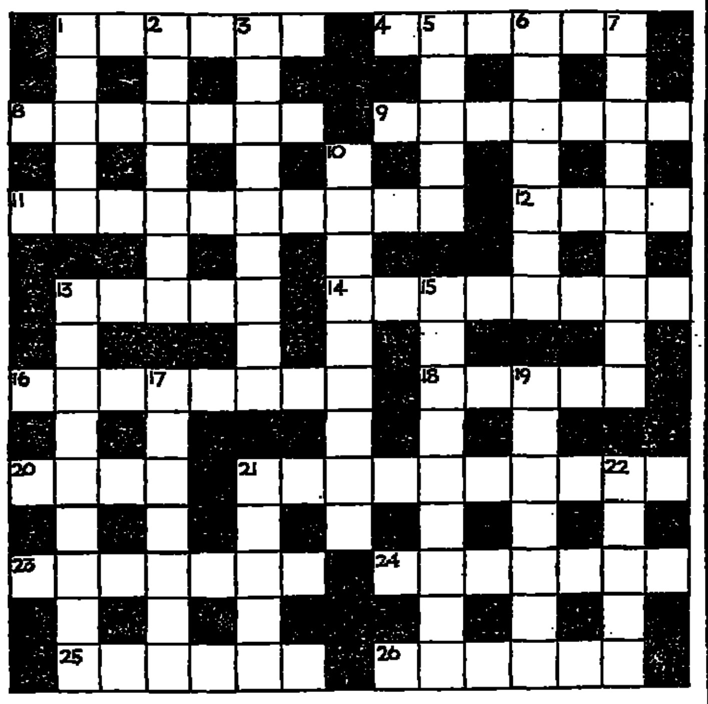
London Broadcasting 261m and 97.3 VHF

[illegible]

Capital Radio 194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,341



ACROSS

1 Flared sportswear (6)
4 Abounding at an equally high temperature (6)
8 Oppressive thing sending fashionable little beast to the States (7)
9 Hurried to put dogs on Circle line (7)
11 Tick passport (6, 4)
12 Employer involved in various errands (4)
13 Beat broth some other way (5)
14 Plain to see I am taking direction after hours (8)
16 Teacher in fog about to go on board (8)
18 Pale and wooden (5)
20 Fashion created on behalf of Frenchman (4)
21 Don't exaggerate absence of bitterness in pub order (4, 2, 4)
23 Seat to return to servant (7)
24 First course to employ athletic gunman (7)
25 Racehorse goes quietly in due course (6)
26 Newspaper man is willing to be an inventor (6)

DOWN

1 Mistake made by thief? (5)
2 Like Neath to come apart (7)
3 Just one quarter has to leave expert . . . (9)
5 . . . not injured in channel (5)
6 Charge like South Africa last month (7)
7 He's notorious for getting foreign currency named differently (6, 3)
10 Officer's horse meets the greater obstacle (5, 4)
13 Fine winning when going bald (4, 2, 3)
15 Wasted unlike a cad I meet (9)
17 Vault round the French lottery (7)
19 Is this the funny-bone? (7)
21 Sailor introduces daughter to man-about-town (5)
22 Don't get up invention Northern Ireland upset (3, 2)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

هكذا من الأصل

make it lo...

esty's

Fire Angel

by MICHAEL COVENEY

episode in the pro- of the British Musi- the light on the Festival fringe of titled *Shylock*, it uperiative perfor- blues singing by meyer. Now re- e-vamped and set the underworld of s Little Italy Martin Scorsese's jump off here), it nightmarish amal- ey *fiesta* and *stilted* it owes as much to Town as it does to *of Venice*. and lyrics are by the music by Roger the programme reminds us, the es" by William The Venice Bar is by Don Piranha, father whose girl ith love for Angelo mobster in a three- Lucy must choose a *feebly charac-* f Angelo himself, e, a cool black cat atfit, and Ricci the wide-boy who can at a storm, at least.

ther Bobby, attrac- and sung by Julian well set with *nice Jewish girl* the moneylender is Angelo the y before turning pound of flesh p fails to come neat idea to con- and Angelo into aracter, although d is given little puny libretto to of the part.

Several big numbers are desperately contrived in an attempt to inject the dismal proceedings with energy. They include a Mardi Gras cabaret to celebrate the union of Deborah and Bobby; Barach leaving his desk and menorah to join a Yiddisher chorus complete with dark suits, beards and yarmulkahs in a rousing plea for vengeance; and an embarrassingly uneasy ballet for three nymphs representing the caskets of gold, silver and lead.

The music, played by a large and noisy band under the direction of Anthony Bowles, is stridently unmemorable, its most prominent quality a sort of discotheque blare replete with middle-of-the-road rock rhythms and flashy brass codas to signal the end of each number. The quieter songs are dull and equally forgettable. The cast divides sharply into those with narrative function and others whose sole purpose is to lend weight to musical climaxes and enjoy the constant spectacle of principals tripping over their microphone wires.

The whole sorry business is directed by Braham Murray, who had much better luck some years ago with a rock treatment of *Othello* called *Catch My Soul*. Helen Chappelle sings gamely *away as Lucy, bringing* considerable skill and colouring to her handling of the trial scene (the Don appoints her to dispense justice and mercy, undisguised). Gaye Brown camps ingratiatingly around as the hostess in the Venice Bar and the excellent C. T. Wilkinson is a continual source of surprise before being harshly banished to a finale station of fiddler on the roof.

e

Laborintus II

by DOMINIC GILL

st *of the three* al concerts of 20th- last week played m the three prin- of music, the able from the RAM ir pièce de résis- lay an outstanding of the Berg erto. Their rival wentieth Century the RCM, made a enturous choice for rk of their pro- Friday evening— *Laborintus II*.

ambitious choice *us* is one of Berio's complex and most rks, for speaker, voices, eight-part ble of 17 instru- magnetic tape — a t deceptively diffi- ose broad gestures by all manner of ent, shifting colour tricky dovetailing sation. There were imperfections in semble's perform- the failure of two solo sopranos to right vocal timbre instrumental *senza* Swingles in the ances; one or two ward details of very *few gestures* made—I remember sequence of little rs against brushed marvellous effect and *boldly sung*.

The performance was otherwise exceptionally good—strongly directed by Stephen Savage, delivered with splendid conviction, style and energy. Quick, keen *response above* all from the ensemble of instruments: the huge, liquid, pregnant chords especially, which punctuate the last part of the work, seemed *more vivid, and more weighty*, than I have ever heard them. Grant Smith's narration, in Italian, was nicely poised, and linguistically impeccable.

The first half of the evening was all instrumental—an excellent account under Stephen Savage of Varese's *Octandre*, hard, taut and sere; a careful *and precisely balanced reading* of Stockhausen's early wind quintet *Zeitmasze* under David Sutton; and a lively performance of Xenakis's *Akrata* for 16 wind instruments under Paul Schwartz—which caught the elemental quality of the music well (splendid earth-tremors from the contrabass clarinet and double bassoons), and missed only at certain key moments a degree or two of energy, of white-hot blaze.

Exhilarating concert: and like the series itself, a promising *venture*. Our schools of music still keep most of their best offerings to themselves—even *though their ensembles* are professional enough, and the programmes they play more than adventurous enough, to deserve proper public exposure regularly *on the South Bank*.

Leonard Burt

Gerald Harper and Dinah Sheridan in William Douglas Home's new comedy 'In The Red' which opened last Friday at the Whitehall Theatre, London

Gregory Dempsey and Katherine Pring

Coliseum

The Bassarids

by DAVID MURRAY

The revival of Henze's *Bassarids* preserves its ambiguous power, and the work doesn't diminish with familiarity. It is conducted now by Mark Elder, faithfully and searchingly, with as much sonorous gravity as earlier in Henze's own hands. *Of the cast, only Anne Conoley's* Autonoe is new; less spikily personal than Josephine Barstow was in the role, she floats Autonoe's moony soprano *descantings delectably—and they* are the *raison d'être* of her part. (When constructing their libretto from Euripides' *Bacchae*, Auden and Kallman took as much care to flatter Henze's special operatic gifts as to indulge their own view of the dramatic action.)

Henze's production has been rehearsed by Christopher de Souza. Some character-detail has been lost, but much of it was awkward in the first place, and wanted re-thinking rather than reproduction. Henze had a far surer sense of his own dramatic pace than his original Salzburg producer brought to the opera, but he is a novice at handling actors. The *visual* exposition is still weakest: Pentheus and Agave are too indecisively presented to mark them as stern young idealist and cynical *woman-of-the-world*. We need to see that if we are to take the full force of their later Dionysiac conversions. Again, Tiresias—Auden's Tiresias—ought to be a bumbling Anglican prelate, appearing later in the "rococo" Intermezzo as a cruel parody of himself: here he flounces campily from his first entrance.

But these are only fudged details. Over the long, unbroken span of the opera, Norman Welsby's Penthues, shot through with inner anxiety, is a wonderfully sensitive creation, and Katherine Pring sustains Agave with *intense conviction and a* maturity which belies her appearance — though it would hardly matter to Auden, unlike Euripides, that she looks impossibly young to be Pentheus' mother. *In Euripides, Dionysus* dissolves sacred family bonds, and the catastrophe which Pentheus' rational inquisitiveness provokes in his destruction by *Agave and the other Bacchae*; in Auden, what ruins Pentheus is his self-discovery amid the nameless rites ("Biting my nape, he drove my flesh away . . . ."), *and that Agave should help to* rend him is only *her* problem.

The Entertainment Guide is on Page 6

Henze sets Pentheus' moment of truth to music of a strange, dark tenderness, which recalls similar passages in *Der Junge Lord* when the beloved ape *masquerading as a Milord reverts to* his own nature. Welsby is splendid, but the production *scores a clear loss here*: Pentheus is reporting what has happened irrevocably in the *unspeakable darkness—but we have* not been made aware of a space for such a thing, and so he seems to be temporising still before the slaughter. (And it is a mild *affair: the Coliseum Bacchantes* do not look possessed, but merely choreographed, and pretty informally at that.)

Some ambiguity of aim is perhaps unavoidable, for Henze certainly understands the incursion Dionysus as an ecstatic liberation, whereas Auden professed to view the cult as indecently and mindlessly destructive. (Auden's ending, which has a little girl smashing her doll upon the cult-altar, goes quite against the thrust of the music and therefore lacks any apparent sense.) Henze makes his Coliseum Dionysus—must seduct*ively sung by Gregory Dempsey* —a gentle satyr, not the icy narcissist imagined by Auden. To the extent that the music speaks louder than the words, that is all to the good. The old King Cadmus, the Captain and the nurse Beroe are simpler figures, and Dennis Wicks, Tom McDonnell and Anne Collins in*terpret them confidently*. In general, all the cast seem to find Henze's music coming more naturally from their throats now If with *The Bassarids* Henze *took his leave of traditional* opera, he quit while he was ahead, and in command of the medium; it makes an evening of potent and insidious rewards.

Elizabeth Hall

Garrick Ohlsson

As one who feels that Brahms' "Paganini Variations" ought to be heard from time to time, but *only by other people*, I was roundly disarmed by Garrick Ohlsson's playing of the first book of them on Thursday. There cannot be a musical point in them which was not duly noted, and none of the opportunities for belabouring the piano was taken. Ohlsson's technique and assured strength were directed toward achieving maximal lucidity; he can produce as large a tone as he wants, but never does so merely to make overwhelming waves of sound. The Brahms generally sounds massive: here it seemed quicksilvery and intricate.

*The flavour of Ohlsson's play*ing is sufficiently special that one might expect it to appeal chiefly to a special sort of audience. In fact he held the attention of a well-filled house, quite unmistakably—and that despite his tight-lipped approach to a largely Romantic programme. For he plays like a conscientious musicologist who happens to have been endowed with a remarkable command of the keyboard. He *expounds* the music: each detail has clearly been polished within an inch of its life, and is judiciously tapped into its place in the musical structure to make its proper point. There *is scarcely a breath* of spontaneity, for what that's worth. Pieces made of small parts therefore suit him best—long phrases tend to be analysed *into their components. The wood*, so to speak, is kept in clear view, and the leaves are closely examined, but in the middle-focus where the trees ought to be there is often only a blank

Ohlsson's scrupulous intelligence makes it work: one listens hard. Brahms' op. 79 Rhapsodies were all the same blondless affairs with their rhetoric restrained—nothing impetuous allowed, and only as much drama as is strictly licensed by the notes. Again, the first Chopin Scherzo was pressed to display its formal plan unusually effectively, but a Waltz and a Mazurka lost as much in vital *impetus as they gained in deli*berate local graces. Ohlsson's account of the F minor *Fantaisie* was beautifully finished. As for the B flat Sonata of Mozart, *K.570 (which has made its place* in the repertoire rather slowly, after the setback of initial publication with a sort of violin accompaniment), I admired Ohlsson's *meticulous* way with it—delicately confident within a cautiously narrow dynamic range—at least as much as I regretted his breaking of every phrase in the Adagio into halves. It is easy to imagine that his taste for dissection will eventually be assuaged, and that his playing will disclose an emotional power proportionate to his evident gifts.

DAVID MURRAY

Shaw

Junction Dance Company

Second of last week's Camden dance offerings was the Junction Company, an off-shoot of the London Contemporary Dance School. There is some amelioration of the glumness I noted at the Shaw Theatre earlier last *week: the standard of dancing* from the five members of the company looked more alert, and the choreographic matter has rather more weight to it. Two-*thirds of the programme* was shared by Kris Donovan and Ingegerd Lonnroth, each providing two works. On Miss Donovan's *Hunting Song* and *Nightshades* I do not feel much comment is possible: the first was hermetic about a man and a woman; the second repetitious about birds.

But Miss Lonnroth's *Child's Play* and *Andante Amoroso* had some movement ideas which caught the attention. In the first two girls *and a man* impersonated *infantile* games which apparently became serious when a kitchen knife was brandished —though not used; in the second *a pair of lovers were suitably* amorous, and the dance qualities of Serena Ward—elegant, long-limbed and cool—were a real pleasure to watch.

The evening was made worth while, in no uncertain manner, by the final piece in the programme: *Micha Bergese's The Act of Waiting*. Mr. Bergese, a fine soloist with LCDT, has produced a dance for four girls that is sustained throughout by the *potent image suggested* by his title. A projection of a pastoral scene provides a setting in which we see the four women *waiting*, moving in anticipation and then reclining, all in silence. With *the first notes of quartet move*ments by Webern the lighting changes, and the women's actions expand and blossom. Mr. Bergese's language is cast so as to show a counterpoint between reclining figures and bodies stretching and yearning, and then folding in on themselves.

Simple, clear in manner, it is dancing guided and informed by delicately stated emotion, and by an almost blanched sense of *the inevitability of waiting*. A feeling of isolation, of muted grief, is admirably achieved, and beautifully presented by the four dancers.

CLEMENT CRISP

Arts, Cambridge

Dog's Dinner

The scene, spectacularly designed by Patrick Robertson, is a decrepit warehouse, of which we are given a cross-section *from top to bottom*. And from top to bottom is where Edward Petherbridge apparently falls, having climbed the dangerous stairs to watch his ex-wife and her current lover through *binoculars*. This is a masterpiece of stagecraft on the part of the director, Jonathan Lynn, but Robert Williams' play doesn't achieve a similar level of excitement again for a long time.

The cellar is used by tramps as a kiphouse, and we meet the occupants one by one. Barney is the first (Frank Middlemass), dishonest, mendacious and bibulous. Then Gervais (Ernest Clark *in a full white beard*), a decayed academic; Harris (Mark Wing-Davey), *still young*, and reputed to be a good cook; finally the one girl, Orchid (Sheila Reid with a Glasgow whine), and her friend, too drunk and too somno*lent to need a name, played with* alarming elasticity by Eddie Davies.

The piece is held together not by a plot but by a situation. Dobson—this is Mr. Petherbridge, a bowler-hat and briefcase figure—is so depressed *about his sex-life* that he sets about getting despatched in a friendly way by the tramps. He is put off by Barney's revelation that he and his mates will cook *and eat him after his death*; and even when reconciled to this notion he has to contend with Gervais's classical account of Hell and Harris's simple-minded *Christianity*.

The final compromise is for *martyrdom and ultimate saint*hood. Having spent his remaining money on a Last Supper for his hosts (fish and chips, fruit cake and rum), Dobson is lashed to a handy cross. Unluckily the cross is part of the timber used in holding the building *reluctantly* erect. This begins its final collapse and the tramps wisely depart, leaving Dobson's martyrdom and sainthood incomplete, *unless the rubble falling* from the flies can complete it.

There's only *enough material* in the play for one act, but it would be a good one. Two acts leave long periods of what might be horrid aridity were it not for *the acting of the starry company* and the constant ingenuity of the production.

B. A. YOUNG

Festival Hall

James Galway

As virtuosos are apt to be, James Galway is of a voracious appetite. Having snatched Vivaldi's *Four Seasons* from under the nose of the violinists, having *pioneered* the path of Thea Musgrave's *Orfeo*, he showed on Thursday that the flute repertory itself can be re-explored. He had persuaded Sir Lennox Berkeley to orchestrate Poulenc's Flute Sonata as a concerto, and now gave its first performance, with the Royal Philharmonic Orchestra, conducted by *Charles Dutoit*.

To choose Ibert's as the other concerto of the evening could be seen as a homage to the famous French flute tradition—a homage indeed to Jean-Pierre Rampal Galway's own teacher, who gave (with the composer) the first performance of the Poulenc work in its original flute-and-piano form. It might have seemed dangerous to couple two works by composers of such an apparently similar Parisian inter-war ambiance, to which the word *salon gets* slightingly attached. But if Ibert's concerto aspired to no more than elegance Poulenc goes deeper.

The chief characteristic of this old-new work is indeed that, behind the respect for formal tradition, a profound unease shows, waiting for at least partial resolution. The effect is all the more touching in Berkeley's skilful orchestration, when the second and third movements may *without any crude allusion* remind us respectively of a Bach slow movement and of Bach's own celebrated *Badinerie* for flute.

James Galway delivered both concertos with his usual masterly fluency, with that evenness of tone which almost neutralises the natural disparity between the top and the bottom of the flute's range. Somewhere even amid the most torrential cascades of notes he presumably takes breath, but with such well-concealed art that you suspect a divine dispensation from such physical necessities.

Like the typical virtuoso, he demands to be seen. Alfred Brendel in his recent book suggested that the pianist can by gesture of playing actually help the listener to follow musical thought. With Galway it seems partly this, partly the theatrical communication of enjoyment as his head and body describe gentle curves, or as his eyes make contact now with the conductor, now with the first desk of violins. Even in first tuning-up he contrived (surely as a deliberate breaking of the ice) to raise a chuckle from those of the audience seated behind the orchestra.

Mr. Galway requests the pleasure. In fact. It was a pleasure not anticipated by Charles Dutoit's heavy handling of Prokofiev's *Classical Symphony* at the beginning of the concert. But he concluded with a memorable performance of Stravinsky's *Petrushka* in its original version.

ARTHUR JACOBS

Festival Hall

Victoria de los Angeles

Resplendent in mauve chiffon, with a flourish of jet-black flowers, Victoria de los Angeles is still as flamboyant and attractive a recitalist as London has to offer. Increasingly, her every recital is a journey towards its encores: with her voice relaxed, bouquets piled high on the piano lid, she cannot fail to charm *and enthrall* us with the unaffected nostalgia of her native music.

Often, those encores have included one of Granados' Tonadillas "in the ancient style," but on Friday she offered the complete collection of 12 songs as a delightful second half to the concert. Primitive, simple emotions; backward-looking, ingenuous music: with Miss de los Angeles as an interpreter they are so much more than the sum of their insubstantial parts. The *seductive curve of her instinc*tively-inflected voice around Granados' phrases tells of love, pain, ingratitude (desperate grief in "La Maja dolorosa," *relentless anger in* "Callejeo") with a profound Spanish directness no folk-singer could better.

If there were moments (in the wide ranges of "El mirar de la Maja") where her voice was less than equal to the demands she made on it, at other points in the Granados her range was remarkable—a deeply resonant low F sharp in the third "Maja dolorosa," an unearthly single cry of "Ay" in "El Majo Olvidado."

Adventurously, Miss de los Angeles gave a group of six Polish songs by Chopin in their original language (though reference to the text inevitably reduced her potent communication with the audience). Peter Katin (an unaccustomed but highly responsive accompanist) led these interpretations carefully, bringing a quality of gritty pessimism to the grief of "Smutna Rzeka" which made Polish and Spanish nostalgia seem poles apart. Sadly, neither artist was at home in the precise, rarified atmosphere of Debussy's *Fetes Galantes* settings: Mr. Katin too forceful and solid, Miss de los Angeles exposing cruelly those bumps in the melodic line and weaknesses at the top of her range which affect music with which she does not feel at home.

NICHOLAS KENYON

OVERSEAS NEWS

EEC nears common line on third world ties

By Guy de Jonquieres, Common Market Correspondent

ROME, Mar. 27.

THE NINE Common Market countries have moved further towards defining the general outlines of a common approach towards economic relations between the industrialised countries and the developing world as a result of the two-day summit of EEC heads of Government, which ended here this week-end.

The broad consensus reached on a number of points has, of course, still to be tested by the Nine's ability to translate it into concrete and detailed proposals. But their visible efforts to lay the groundwork for a common stance in advance of the Western Economic Summit in London in May is bound to be welcomed by the Carter Administration.

Agreement was made easier by the more flexible attitude taken by Chancellor Helmut Schmidt of Germany. He has now conceded in principle that the Nine should study the possibility of establishing a common fund to finance price stabilisation programmes for some key commodities.

The exact extent of Herr Schmidt's concession is not entirely clear, and both he and his EEC colleagues were quick to emphasise that their agreement was not an endorsement of the common fund plan proposed by the developing countries at the UNCTAD talks in Geneva.

It remains to be seen, in particular, how far any offer agreed on by the EEC will be a mix of arrangements to stabilise the price of specified commodities, backed by buffer stock facilities, on the one hand, and more general measures to protect the export earnings of poorer commodity producing countries on the other.

In Herr Schmidt's view, this should be governed partly by the economic feasibility of such programmes in relation to specific commodities, and partly by the willingness of producer countries to give assurances of stable supply in the future.

The Heads of Governments' deliberations are unlikely to result in any major shift in the EEC's position at the current phase of the UNCTAD talks, which winds up early next month. But it is expected to influence the approach to the concluding session of the North-South dialogue which opens in Paris at the end of May.

The nine leaders also agreed on a proposal by Herr Schmidt that they should seek to involve the Soviet Union and Eastern European countries more closely in the development field, and possibly in contributing to a future commodities scheme.

The Prime Minister, Mr. James Callaghan, who chaired the meeting, told journalists that he was confident that the EEC would find it "very easy" to forge a common position with the U.S. on North-South questions. He added that the Nine had agreed to support "a reasonable" increase in international monetary Fund quotas at the forthcoming interim meeting of the IMF as well as provisions for lending in excess of credit tranches in certain cases.

On the internal economic front, the heads of government pointed to the need for more concentrated measures to combat unemployment, especially among young people and women, as well as for increased investment.

It was agreed that action should be stepped up both at Government and Community level. A tripartite conference, grouping governments, employers and trade union representatives, is to be held in the first half of this year to discuss the situation.

Bhutto's troubles deepen on eve of Assembly

BY DAVID HOUSEGO

ISLAMABAD, March 27.

MR. BHUTTO's troubles deepened over the week-end as Pakistan's newly-elected National Assembly gathered here for its opening session under a total boycott by opposition members.

In a speech to-day, Mr. Bhutto strongly hinted that he would announce a major political initiative to-morrow to break the deadlock after he has been formerly readopted as Prime Minister. He is still clearly hoping that the steam will go out of the campaign by the Pakistan National Alliance (PNA)—the coalition of Opposition groups—to force his resignation.

But as seen by political observers here to-night the bleak choice before him was fast narrowing to either declaring a one-party state which would require army support or to picking up the Opposition challenge of calling fresh elections with the risk of a defeat for his ruling People's Party.

The PNA further stepped up their pressure on Mr. Bhutto to-night by declaring that the Government had no legal authority to raise taxes or to borrow funds at home or abroad. A resolution passed by the PNA general council meeting in Lahore fell just short of urging people not to pay taxes.

But in line with the PNA's refusal to accept the results of the March 7 elections and hence the legitimacy of Mr. Bhutto's government, the party said that no agreement by the Government would be binding on any "future lawful" administration.

The declaration followed yesterday's general strike which closed the main shopping centres and bazaars in most of the country's larger cities. The appeal for the strike was issued by the PNA as a protest at what it describes as the "massive" rigging of the elections and the unlawful convening of the Assembly.

Only 161 members — 153 from the people's party and eight from the tribal areas out of a directly elected house of 200 — participated in yesterday's swearing in ceremony.

In Karachi and Hyderabad, which have been the scene of some of the worst violence since the election, public transport also came to a halt. Government attempts in Lahore, Rawalpindi and Lyallpur—the main cities of the Punjab—to get shopkeepers to keep their stores open proved of little avail. Fear of further riots may have been one reason, as Government officials claim, for the response to the strike appeal. But the success also suggests that Mr Bhutto no longer carries the political weight that he did.

Steel helmeted police and units of the Frontier Security Force have been constantly patrolling major towns. Largely in an effort to show that the Government has army backing, small detachments of troops have been stationed in cities like Lahore, Mulmultarn and Karachi.

The danger in the situation is that neither the PNA nor Mr. Bhutto has left itself much room to manoeuvre. The PNA now seem bent on a campaign of agitation in the streets as a means of overthrowing Mr. Bhutto with little regard as to what this might mean in loss of human life or in civil disturbances. Mr. Bhutto for his part by arresting virtually all their leaders and by proceeding with the business of the assembly as though conditions were normal has equally bolted most of the doors to a compromise.

Within Mr. Bhutto's People's Party there is considerable unease. One senior members of the Party said tonight in reference to the choice now facing Mr. Bhutto: "Only an act of bravery can save him. If what he is talking about is a single party system plus the army he will not last." In an unprecedented challenge to his authority the Parliamentary party yesterday refused to accept with shouts of "no" his nomination of Sheikh Rashid as the Chairman of a Committee to be set up to review the organisa of the Party.

Members who feel that they were properly elected believe that they have become tarnished by the rigging of other constituencies. Their resentment is widely reflected by public opinon in the Punjab which sees the election as it was carried out as robbing them of their right to vote and to change a Government.

Muzorewa calls for referendum

BY OUR OWN CORRESPONDENT

SALISBURY, March 27.

IN WHAT may be a serious setback to current settlement efforts, Rhodesian Prime Minister Ian Smith and African National Council President Bishop Abel Muzorewa to-day appeared sharply divided over the purpose of a referendum to establish a majority leader.

Bishop Muzorewa set out a five-point "plan to complete the liberation struggle of Zimbabwe" which opens with a call for a referendum, after which the Rhodesian Prime Minister must "categorically and unequivocally surrender political power and authority to the black majority immediately."

However, answering questions at an airport Press conference before leaving for a South African holiday in the course of which he is expected to have talks with Premier John Vorster and British Foreign Secretary Dr. David Owen, Mr. Smith described a referendum on that basis as a "non-starter." But he did say that his government was "sympathetic" to an exercise which would produce the leader of black opinion in Rhodesia.

The bishop, who returned to Salisbury on Thursday after an eight-week tour of Europe and Africa, told a 5,000-strong National Consultative Assembly meeting in a Salisbury football stadium to-day that "the only proof of Mr. Smith's sincerity about majority rule is that he hands over power to the majority through the exercise of one man one vote."

The bishop went on to call for: "A national rereferendum to elect a leader to whom Mr Smith must hand over power. Following the precedent set by the Pearce Commission in 1972, the British Government must organise the exercise, either by herself or with the United Nations and Commonwealth, and ensure that there is free political activity throughout the country.

"All persons in detention, restriction and in 'protected villages' must be released and allowed to participate in the referendum:

"Facilities must be provided for nationalist guerillas, wherever they may be, to enable them to take part;

"As soon as possible thereafter, the British Government convenes a full constitutional conference to work out and finalise the details of the independence constitution."

Referring to the forthcoming visit of the British Foreign Secretary, Dr. David Owen, to Southern Africa, Bishop Muzorewa urged Dr. Owen to "listen to the masses of Zimbabwe, who want a referendum."

The most significant element in the Bishop's proposals is the apparent difference between him and Mr. Smith as to the purpose of a referendum. The Rhodesian government sees the outcome as establishing a black leader with whom subsequent settlement negotiations can be conducted. The Bishop however, made it clear to-day that he expected Mr. Smith to hand over power without further ado to the majority leader.

Sharp Italian price rise

BY PAUL BETTS

ROME, March 27.

ON THE eve of the crucial meeting between Italy's three main trade union confederations and the minority Christian Democrat government of Sig. Giulio Andreotti on the terms set by the International Monetary Fund over a new loan of U.S.$530m., the official Italian statistics bureau, ISTAT, has reported an alarming 2.3 per cent. rise in the Italian cost of living index in February compared to the month before. In January, the index rose by 1.4 per cent.

This is the biggest increase ever recorded for the month of February and it could not come at a worse time for the Government which is scheduled to meet on Thursday to approve the Italian budget.

The rise, which goes against the normal trend for February, threatens to accelerate Italy's inflation rate over the 18 per cent. mark officially forecast for this year. It is also likely to cause a jump of between 7 and 8 points in the next quarterly increase in May of the automatic threshold payments index—the celebrated "Scalamobile."

The IMF is insisting on a reduction to 15 per cent. in Italy's inflation rate this year as a condition for a new loan. It is also asking the Government to contain the rise of Italy's heavy labour costs to 16 points as against the estimated 27 points increase this year.

Pertamina man under house arrest

INDONESIA'S Chief of Staff of Security and Order Command, Admiral Sudomo, said in Jakarta that Ibnu Sutowo, former President Director of the state oil company Pertamina, has been under house arrest since last week, AP-DJ reports from Jakarta.

Sudomo, who made the announcement following talks with President Suharto, said that Sutowo and some former officials of Pertamina have been asked not to leave their homes due to an intensive investigation which is being carried out by a special team headed by the Attorney General's office. He declined to name the officials involved.

Sutowo was sacked as Pertamina president last year due to the massive foreign debts incurred by the company.

Uncertain start for European steel plan

By David Buchan

ROME, March 27.

PLANS TO restructure the European steel industry got off to an uncertain start at the Rome summit with some countries, notably West Germany, unwilling to accept the full statement that the Brussels Commission has been urging them to adopt.

Prime Minister James Callaghan, who chaired the summit, said yesterday "a political impetus" had been given to the Commission's proposals which include investment constraints, minimum prices for some products and import licensing. Mr. Callaghan said steel prices had "declined calamitously and short time working and unemployment were rapidly increasing."

Mr. Roy Jenkins, the Commission President, who gave a joint Press conference with Mr. Callaghan, said the Commission would detail its plans next month. But the British Prime Minister admitted that the summit talks on steel—which were political rather than technical in nature—had shown that there might be differences of approach later among member States because "while for instance in the U.K. the steel industry is largely nationalised, in other countries it is often in private hands."

In Germany the steel industry is almost entirely private, and the West German delegation felt that a more detailed statement—along the lines drafted earlier this week by EEC Industry Commissioner, Viscount Etienne Davignon—was not suitable for the summit to adopt. At German insistence, the final statement merely speaks of "appreciation" of the Commission's initiative "for the short-term remedial measures to stabilise the market, for a longer-term structural reorganisation of the European steel industry, and for measures in the social field."

VW to raise car prices

BY ADRIAN DICKS

BONN, March 27.

VOLKSWAGEN, West Germany's biggest car manufacturer with 22.6 per cent. of the market in the first two months of this year, invited the Federal Cartel Office to a direct trial of strength when it announced price increases for its range of passenger cars averaging 3.9 per cent.

To-day's announcement makes VW the first of the "big three" West German manufacturers to implement price increases this year. Its action comes only a fortnight after the Cartel Office, in a bold attempt to extend its influence in economic policy, had publicly warned the "big three" that it would not regard as justified any price increases for middle market models.

The Cartel Office at that time based its unprecedented initiative on its monitoring of raw materials and wage cost increases, and of the industry's profits, since last year's round of price rises. Profits, it said, were high enough for the companies to absorb cost increases. Any price increases this year would be regarded as abuse by the three companies—VW, Ford and Opel—of their joint control of some 60 per cent. of the market.

Kuwait criticises companies

Kuwait yesterday joined Saudi Arabia in criticising foreign companies which it said demanded exorbitant prices for essential projects. Kuwaiti Finance Minister Abdel-Rahman Al-Atiqi told newsmen that certain foreign companies used local inflation as an excuse to "demand imaginary prices" to carry out projects in Kuwait.

But he did not say if the Gulf state would support Saudi Arabia's recent campaign to blacklist foreign companies which overcharged it for their goods and services, Reuter reports.

Giscard may call in Chaban

BY DAVID CURRY

PARIS, March 27.

A CLEAR outline of the policies and ministers with which the French Government will attempt to reverse the electoral shift to the left in the year before the general election should emerge over the next few days.

President Giscard d'Estaing has promised early initiatives, and a cabinet reshuffle could inaugurate them. It is even rumoured that he may call upon Jacques Chaban-Delmas, Prime Minister under President Pompidou and the losing official Gaullist candidate for the Presidency in 1974, to join the cabinet. Chaban is out of sympathy with the present aggressive Gaullist leadership of M. Jacques Chirac—who deserted him for Giscard in 1974—and a rapprochement with Chaban would be a useful way for Giscard to open the Government towards a Gaullist tendency sympathetic to his own ideas.

On Tuesday M. Chirac himself goes to the Elysee in his new capacity as Mayor of Paris. On the surface a courtesy visit, M. Chirac is hoping for serious political discussion and will no doubt take with him the Gaullist response to Giscard d'Estaing's call for the coalition to close ranks behind a programme of social and economic reform.

Meanwhile M. Raymond Barre, the Prime Minister, speaking against the background of last week's 8 per cent. fall in stock market prices, has unveiled a limited programme to encourage investment. Some Frs.4bn. (£470m.) is to be available from April divided equally between small and medium sized companies and large enterprises, with investment in regions of high unemployment getting priority. Projects must start before September 30. This measure follows Frs.3.5m. already raised for small businesses last year, Frs.3bn. to aid exporters, and Frs. 1bn. for energy saving investment.

M. Barre promised an attack on the deficit of the social security system, a redressment on the deficits of nationalised industries, and specific recovery plans for ship building, aerospace, fertilisers and pulp and papers. He also promised to improve allowances to benefit the lowest paid.

Emphasising that he would not permit any global reflation programme he commented that if industry failed to invest and to export and showed hesitation it would only encourage the victory of the Left in 1978.

WORLD TRADE NEWS

AUSTRALIA

ASEAN relations in jeopardy

BY KENNETH RANDALL IN CANBERRA

AUSTRALIA IS running into increasing problems with her neighbours of the ASEAN group (Indonesia, Malaysia, Singapore, Thailand and the Philippines) because of restrictive import policies designed to shelter depressed Australian manufacturing industry.

This month, the Malaysian Government lodged a strong formal protest against tariff quotas applying to clothing, and it has been confirmed that the Philippines is again retaliating against Australian exports. The Malaysian protest suggested that a continuation of present protectionist Australian policies was destined to damage relations both between the two countries, and between Australia and the regions as a whole.

The Philippines action is of a less formal nature. The Central Bank, according to Australian traders, is examining closely every application for exchange control approval involving purchases from Australia, usually suggesting that the order be sourced elsewhere and sometimes forcing it to be reduced. Australia appears to be the only country coming under such scrutiny.

Relations with ASEAN have been further clouded by the renewal this month of conflict between Australia and Indonesia, the largest member of the group, over East (formerly Portuguese) Timor. The Indonesian Government delivered what it called a "reprimand" to Australia, because of "hostile" activities of Australians opposing the Indonesian invasion and takeover of the former Portuguese colony.

Mr. Lee Kuan Yew, of Singapore, is alone among the ASEAN leaders, in expressing public sympathy for Australian domestic economic problems so far as they affect trade. During his Australian visit last October, Mr. Lee said he recognised that trade liberalisation in the present circumstances "just isn't on."

The immediate point of the Malaysian protest this month among a number of more general ones, is the threatened closure of the Malaysian plant of the Australian-controlled clothing manufacturer Midford Products Pty. The Malaysian plant accounts for about 40 per cent. of the company's output but now faces the prospect of being frozen out of the Australian market.

The plant did not begin production until 1975. Australia's current system of import quotas for clothing uses 1974 as the base year for calculating importer's entitlements. Midford was given a special quota for its offshore production in each of the past two years, but has none for 1977.

In January, the Australian Cabinet considered the general issue of special quotas for offshore production and ruled against them because of the actual and potential effects on local employment, even though, as in Midford's case, the offshore venture may have been encouraged just as strongly by Australia as by the host country. The Midford case is under review, with the company holding about 400,000 articles of clothing in bond. But the chances of reversal are regarded as slight, given the Government's present protectionist mood and fear of establishing a precedent.

In the Philippines, the Australian steel-maker, B.H.P., has been among the principal sufferers from Central Bank efforts to source imports away from Australia. B.H.P.'s recent orders have been cut by about half and the company has pointed out rather testily to the Philippines that the current world over-supply will not last forever.

B. H. South, a company not related to B.H.P. has also had problems with its sales of phosphate to the Philippines, though mostly in the form of delays in exchange approval.

The Australian trade surplus with the ASEAN group in 1975-1976 was $A345m. (about £221m.) and has grown steadily in recent years, although a progressive resumption of crude oil purchases from Indonesia will make some contribution to redressing the balance. Australia takes about 3 per cent. of ASEAN exports bu... cent. of her own ex... to the group.

In a major polic... Parliament earlier... Mr. Andrew P... Australian Forei... acknowledged the... the present situa... offering hope of... on Australia's part... "The Governmen... greatest importanc... consolidating an... our close relation... five members of... individually and... The Government r... "the ASEAN cou... creasingly concern... their economic... Australia.

"We for our pa... mined that they... veloped, for we... the importance... economic growth... and the importance... trade for the... economies general... Peacock.

But, he added, ... viously stated posi... is that any signific... our trade relations... take place graduall... any domestic dislo... country... prog... matters depends o... of the Australian...

Mr. Peacock ha... urged the Govern... higher priority in... the foreign polic... economic policy d... his is a lonely... Cabinet preoccupie... tic recession and th... re-election within... years. Mr. Peacoc... machinery to plan... changes but there... cation of when bet... allow those plans... mented.

THE ASSOCIATION of South-East Asian Nations (ASEAN) has reached agreement on the mechanics of an emergency oil-sharing scheme which, said a joint Press statement released Saturday, could immediately be activated at a "moment's notice," writes our Manila correspondent.

W. German Comecon exports slip

FRANKFURT, March 27.

WEST GERMANY'S trade with the Comecon countries, excluding the German Democratic Republic, is expected to grow by 10 per cent. this year. In contrast with the 1976 performance, imports and exports are likely to expand at about equal rates.

The forecast, made by the Deutsches Institut fuer Wirtschaftsforschung, one of the country's leading economic research organisations, follows a year in which West German exports to the Comecon nations declined.

According to the latest figures, West German exports to Comecon fell back by a nominal 1.2 per cent. and a real 5 per cent last year. At the same time, Comecon exports to the Federal Republic grew by a nominal 28 per cent. and a real 21 per cent. All these figures exclude trade with the GDR which is accounted separately.

As a result of this development, the trade surplus in West Germany's favour fell back by about DM3.5bn. to DM5.5bn. (£1.34bn). At the same time, the Comecon's net indebtedness to the Federal Republic by the end of 1976 totalled DM19bn. (£4.63bn.) compared with DM16bn. (£3.9bn.) at the end of 1975 according to the DIW.

About half of last year's DM5.5bn. Comecon deficit with West Germany was financed in the Federal Republic, while the remainder was covered either with cash payments or Euro-credits. In 1976 West German banks granted the Comecon countries about DM1.5bn (£365.9m.) in new long-term credits.

This compares with 1975's DM 3.4bn. (£829.3m.) Last year the largest borrower was the Soviet Union, which took up more than 50 per cent. of the credit advanced.

Measure of agreement on EEC's textile stance

BY RHYS DAVID, TEXTILES CORRESPONDENT

EFFORTS to settle the remaining differences within the EEC over the position the Community should adopt at the resumed GATT talks in Geneva on world textile trading arrangements are likely to be made shortly within the EEC Council of Ministers.

The EEC member countries, who have been under strong pressure from the textile industry to secure major changes in the existing Multi Fibre Arrangement (MFA) due to run out at the end of this year, are still not at one on the key issue of cumulative disruption.

Partly because the EEC had indicated that it was not ready to negotiate for this reason, talks in Geneva were suspended last month after two days discussion and are now due to resume around the middle of next month.

The textile industry in Europe has been pressing the EEC to secure arrangements enabling MFA signatories to take action against cumulative disruption resulting from a build-up of imports from a number of new suppliers. Under the existing arrangements, restrictions on major exporters have been circumvented by a switching of production to a variety of other centres and it is this which the European textile industry would like to see stopped. The EEC Commission and the German Government are understood to have been reluctant to agree to the measures urged by the industry on cumulative disruption for fear this could unjustly penalise new suppliers entering the market.

The EEC has reached a measure of agreement on the various other issues and is understood to be intent on pressing these at the resumed talks. In particular the brief given to EEC negotiators accepts the industry's arguments in favour of tailoring growth rates to the degree of import penetration already prevailing in a parti... sector.

The general ... by the Community... to have won ... smaller industri... Europe, including... vian bloc, and... Scandinavians are... for a more formal... the so-called Nordic... by countries woul... implement restricti... ensuring against... pearance under ... of whole sectors of... industry. Minimu... levels for sectors w...

The U.S. which ... in favour of ren... existing MFA ... stands, when it com... of its present ... thought to have in... willingness to liste... tions from other ... improvements, and ... are broadly followi... line.

U.K. success in Caracas

BY JOSEPH MANN

CARACAS, ...

THE BRITISH industrial exhibition closed its doors after a ten-day stay in this Venezuelan capital and reported sales amounting to $15m.

Organisers of the trade fair, which brought together the largest demonstration of British goods, services, and technology ever staged in this South American republic, estimated that over 45,000 persons attended.

Participants, organisers and local observers concurred in calling the affair an unqualified success, and predicted that the show would produce benefits for the U.K far beyond the reported sales figure in terms of future business deals, commercial contacts and general goodwill in Venezuela.

Mr. Thomas P. Gale, the executive director of the Venezuelan-British Chamber of Commerce, said he was extremely pleased with the results of the fair and believed it had "consolidated Venezuelan interest in British technology."

Participants in the British effort, designed to attract businessmen and Government representatives rather than the general public, felt that the emphasis was well-chosen. Businessmen from several neighbouring Latin American countries, as well as executives and technicians from far-flung provinces in Venezuela, came especially to visit stands.

Much of the ... display in Caracas ... the floor, and one pi... equipment was boug... being unloaded at the... Guaira. The biggest... purchases at the fair... by Rotostock ... British Leyland, Hy... man, Abeling Ba... Medical Services and... Some local distri... ferred not to release ... on sales made at the... number of potenti... deals are still being ...

The Financial Times, publishe... Sundays and holidays. U.S. $178.00 (air freight) $334.00 ... annum. Second class postage ... York, N.Y.

Contracts

● **Stone-Platt Electrical** has won a contract worth over £1.1m. to supply a wide range of auxiliary equipment for Pakistan Railways' new air conditioned parlour cars. The equipment for this turnkey project includes air conditioning, lighting, head-end power diesel alternators, bottle coolers, water sterilisers, public address systems and windows. Delivery is scheduled to be completed by the end of 1977.

● **International Combustion** has been awarded two contracts for the supply of boiler plant and ancillary equipment for sugar processing works. One of the orders, worth £1.7m., was placed by Fletcher and Stewart, who require two boilers, each capable of producing 55 tonnes of steam per hour, for the Mumias sugar factory in Kenya.

The second, worth £1.75m., was placed by Tate and Lyle Engineering and is for the supply of three boilers, each to produce 75 tonnes of steam per hour, and these will be installed at the Las Majaguas sugar factory in Venezuela.

● **Robert Jenkins** received two orders from Davy Power Gas for reactors on behalf of Polymer Cekop, Poland, worth more than £1m. The reactors are scheduled for export in late 1977 for use in a PVC complex at Wloclawek.

● Export orders totalling around £½m. have been won by **Metals Research**, including the sale of two Malvern GaP production systems and a polycrystalline gallium phosphide synthesis machine, both to major semi-conductor manufacturers in the U.S.

● An order worth £1.25m. has been placed with **J. C. Bamford Excavators** for a total of 62 loaders and excavators. From Sif Otomotiv, the company's dealer in Istanbul. The order is the largest ever that it has received from Turkey.

World Economic Indicators

INDUSTRIAL PRODUCTION 1970=100

					% change on year
	Feb. '77	Jan. '77	Dec. '76	Feb. '76	
U.S.	127.1	125.5	126.7	121.5	+ 4.6
	Jan. '77	Dec. '76	Nov. '76	Jan. '76	
U.K.	103.9p	102.8	103.1	99.7	+ 4.2
W. Germany	107.5p	109.6	122.9	100.4	+ 7.1
Holland	112	76	120	107	+ 4.7
France	130	124.0	126.0	121	+ 7.4
	Dec. '76	Nov. '76	Oct. '76	Dec. '75	
Belgium	107.3	126.0	127.1	101.0	+ 6.2
Italy	129.8	130.6	135.1	105.8	+22.7
	Oct. '76	Sept. '76	Aug. '76	Oct. '75	
Japan	125.4	125.5	126.0	112.4	+11.6

P=provisional

HOME NEWS

…oposals soon …urban decay

…L TIMES REPORTER

…NMENT is expected …roposals before the …ns on May 5 for …s of urban decay. …come after extensive …binet sub-committee … Mr. Peter Shore, … Secretary, on ways …e loss of jobs and … housing stocks in …urbations. … ago the Govern…d to present its pro…s spring and there … political advantage … a White Paper …ical May elections, … will be on the …e cities it controls. …or the Cabinet is …be on the stocks already. It is expected that it will be considered and endorsed before Easter.

Although Mr. Shore's plans have inevitably run into financial problems because of the new constraints on Government spending, a few of Britain's larger cities are expected to benefit from the aid programme.

Mr. Shore is believed to be considering a proposal to concentrate the maximum amount of assistance on a few cities rather than attempt to spread the available money over a larger area.

On this basis, the larger conurbations such as London, Birmingham, Liverpool, Manchester and Newcastle could benefit most from the programme.

…gestion charge levied …iverpool after delays

…HIPPING CORRESPONDENT

…NDLING delays, …utely embarrassing …ocks and Harbour … increasingly adding … of shipping goods …pool. …old-ups are not of …n dimensions, they … serious enough to … shipping confer…y congestion sur…ippers. …ging to the U.K.-…onference imposed …surcharge on cargo …idah, Djibouti and …arch 21. This has …ollowed by an an…om the India-Pakistan-Bangladesh conferences that their existing surcharges are to be raised by a further 5 per cent from April 4.

This means that westbound cargoes will suffer a 19 per cent. levy and eastbound cargoes 17½ per cent. The conferences have advised shippers that "the current situation in Liverpool/Birkenhead" is seriously affecting liner services.

Liverpool port employers maintain that the difficulties are temporary and that a combination of bad weather and a flu epidemic a few weeks ago has created a backlog of work which will be cleared.

…nall Whitley expands

…TH GOODING

…ASHIRE brewers …itley will spend …m. on new public … year. A further … earmarked for …of existing houses. …ny will open 11 …all record for any … with about 1,500 …ve outside its tradi…d invade Yorkshire for the first time, with two pubs this year and another probably opening in 1978.

It is completing acquisition for £960,000 of Stanneylands, a previously public concern with a small chain of restaurants and hotels in the North-East.

The company recently bought the 30-bedroom Bower Hotel, Chadderton, Manchester, bringing its hotels division numbers, pre-Stanneylands, to 32.

…plans for Fife

…AVID, CHEMICALS CORRESPONDENT

…CAL is to lodge a …ation for planning …its proposed major …ossmorran in Fife. …n will cover indus…nent should plans …considered for a …ethylene plant go …s been chosen by …o for a natural gas …ation plant, and …ar Esso announced that it would be seeking permission, too, for a plant to crack ethane for making ethylene.

Though Esso is still evaluating such a project, it agreed to go ahead with an application so that the separation and ethylene plants could be considered jointly at a public inquiry.

The latest application covers the site to which Esso hopes downstream users of chemicals will be attracted once the ethylene plant is built.

…RIEF

…s body suggestions

…ss and professional …e appointed to the …mmission, the Con…mittee of Account…says in a memor… Prices Department. …sts that pre-notifica…rises should not be …he increase did not …bove the reference … little relationship to reality." Sir Frank's views are published in a booklet commissioned by the Tory group, Centre for Policy Studies.

…dies

…orne, former chair… political honours …nittee, died at his …n, north Yorkshire, …d 80. …rmerly Sir Thomas …nservative MP for …rkshire, and Minis…ture for three years …gned in 1954 over …own affair.

…nvestment

…o invest £1.5m. to … modernise its …e operations in the …

…attacked

…cFadzean, chairman …rways, has attacked …K. Galbraith's …his BBC TV series …f Uncertainty" for …inconsistencies. He …fessor's analysis of …ustrial state "bears …

Crime prevention

The Home Office and the police are appealing to Britain's business community to pay more attention to crime prevention. More than 1,000 copies of a booklet on the subject are being sent to commercial and industrial organisations and individual companies.

Health survey

Mr. David Ennals, Secretary for Social Services has commissioned a survey of health standards among different social classes. It will aim to find out why the health of unskilled workers and their families compares badly with that of professional people.

Profit curb fears

The National Federation of Builders' and Plumbers' Merchants says in a letter to Mr. Roy Hattersley, the Prices Secretary, that the new price proposals outlined by the Government could drive many of its members out of business. It is particularly concerned that controls on gross profit margins are to stay.

Student 'No' to education for industry

By Michael Dixon, Education Correspondent

STUDENTS' foremost priority was to defeat the Government's attempt to bring education into line with the needs of industry, Mr. Charles Clarke, president of the National Union of Students, told the union's conference in Blackpool yesterday.

"All the governmental interventions . . . have sought to devalue education and its potential for releasing what Karl Marx called the 'slumbering power' within all of us," he said, on the eve of an announcement which will raise the main rate of student's grant by 15 per cent. to about £1,000 a year.

Meanwhile the Engineering Employers' Federation has drawn up a programme for improving the supply of graduates suitable for the engineering industry. Its main recommendation is for closer links with schools, colleges and universities.

SE likely to vote for computer

By Margaret Reid

THERE ARE now widespread expectations in the Stock Exchange that a very comfortable majority of its members will this week back the completion, strongly recommended by the Council, of the £13.2m. Talisman computerised settlement project.

Proxies on the issue, which those not voting in person must send in by to-night, will provide the first clear pointer to the outcome of this long-debated scheme. The personal vote is due to start after the Council's meeting on Wednesday afternoon and to continue throughout Thursday.

A simple majority of those among the Exchange's 4,054 members who vote will decide the issue.

The Talisman project, planned to be in operation in 1979, is designed to cut out a great deal of the paperwork of settling share deals and lead to substantial economies among the staff now carrying out this task.

Controversy has surrounded the charges to be made for the service, but the prospective tariff was reduced last week, chiefly for larger transactions, in an effort to win support for the new system.

A meeting on Friday called by rebel stockbroker Mr. Colin Harding, an associate of Kemp-Gee, and attended by 50 members from a range of Stock Exchange firms, showed a majority opposed to Talisman, with a considerable dissenting minority.

Special steel threat as imports 'double'

FINANCIAL TIMES REPORTER

INDEPENDENT steel-producers in Sheffield say that the latest surge in imports of special steels, now estimated to have more than 70 per cent. of the U.K. market, threaten the future of specialised steelmaking there.

Local producers claim that import figures for January show a further rise in imports from Europe and Japan of tool, high speed and stainless steel bars. A year ago, when the steelmakers asked for Government protection, import penetration was about 35 per cent.

In five years employment in the Sheffield area on production of these steels has virtually halved to less than 10,000. If the January import trend continues local industry may be at only 10 per cent. of its former capacity next year, it is claimed.

Union leaders, who have urged Government protection against dumping from Sweden, Austria, Spain and Japan, will press for immediate punitive action against the imports.

Sheffield Chamber of Commerce has said that local producers face an "appalling" future if laws which allow anti-dumping levies pending Government investigation are not applied immediately.

The sector of the market worst affected is stainless steel bar, where imports in January are thought to have taken 85 per cent. of the market.

Talks start in Tokyo this week aimed at a voluntary limit for stainless bar imports from Japan. The Government has agreed to investigate complaints of Austrian high-speed and tool-steel dumping.

Tate & Lyle cuts jobs

BY RHYS DAVID

TATE & LYLE, the dominant British sugar producer, is to reduce its 12,000-strong U.K. labour force by about 1,000 people as part of the rationalisation programme being implemented as a result of its take-over of the rival Manbré & Garton group last year.

The reduction has been made necessary by over-capacity in U.K. cane sugar refining. A total of 1,535 jobs will be affected.

About 600 new jobs will be created through diversification into other areas and most of the remaining redundancies are expected to be accounted for by natural wastage.

The details of the cuts which have now been presented to employees, show that a total of 483 jobs will be lost in London, nearly 1,000 in Lancashire and 60 at Glasgow and Greenock.

The announcement of the cuts was received with concern at the week-end. An action committee at Liverpool will report to shop stewards to-day after meetings with the company and stewards will address a mass meeting on Tuesday.

Dutch group takes Ozalid

FINANCIAL TIMES REPORTER

OZALID, the office supplies company, is expected to announce to-morrow that it has passed into Dutch control with the acceptance of a takeover bid from Oce van der Grinten.

Oce's offer of 92½p a share closes to-day, and in view of Ozalid's difficulties and doubts about its management strength many shareholders have seen little option but to accept. The main business of both companies is paper and machines for diazo and other copying in drawing offices.

The decline of Ozalid from a fast-expanding and profitable position in the early 1970s, when return on capital was between 30 per cent. and 40 per cent., has been dramatic. Profits for 1976 are expected to be £3.1m. pre-tax, about half of what might have been expected on previous years' performance, and return on capital has fallen to about 10 per cent.

The company has been beset by a series of troubles and setbacks which taken together provide an unflattering picture of its management.

This month the Monopolies Commission uncovered a price-fixing ring in U.K. supply of diazo paper said initially at least to have been organised by Ozalid. A series of 22 agreements between Ozalid and three competitors has been listed in a document lodged with the Office of Fair Trading on March 1.

There is disagreement between the companies about terms of some agreements, but the Monopolies Commission believed that price-fixing agreements which ought under the law to have been registered were made as far back as 1968.

More recently Ozalid has faced allegations of improper currency dealings by its Italian subsidiary. Investigations by Italian police are under way.

The company has had trouble with its Canadian subsidiary, which lost £1m. last year. It appears to have been unaware of how badly its subsidiary was doing until the end of the year, when the loss came as a surprise blow to overall profits.

In 1975 the directors admitted that some had received payments not properly recorded in the accounts. A total of £93,105 was received by certain directors in contravention of the 1948 Companies Act. The payments were between 1970 and 1973, but not mentioned in the earlier accounts. Most of the money was eventually paid back to the company.

When he explained these payments the chairman, Mr. Joe Kiely, told shareholders: "The administrative back-up failed to keep pace with the speed and breadth of expansion.

"The Board in its entirety accepts responsibility, and when the anomalies were revealed in the course of the 1974 audit there were found to be under- and over-payments to a number of directors including myself."

Relations in the boardroom have often been far from good, with a series of comings and goings of directors.

The latest was the departure last June of Mr. Brian Kennedy, the finance director, after two years in his job.

After these troubled years, many shareholders may welcome the tighter grip with which Oce will try to bring Ozalid's overseas operations under the same discipline that applies to its own.

Oce, very much a family company in the 19th and the first half of this century, has broadened to present a thoroughly modern international image.

The van der Grinten family, which ran the business for three generations, has largely ceded control to professional managers and outside shareholders. The family owns only a small minority shareholding, and though there are two van der Grinten directors, both doctors of chemistry, like their fathers, the president, Mr. J. J. Kaptein, is an outsider, brought in as a professional manager.

But the present character of the company, particularly its strong emphasis on research and inventiveness, still owes a lot to the highly talented van der Grinten family. The business was founded in 1877 by a chemist, Lodewijk van der Grinten, to make colouring for margarine by a process which he invented.

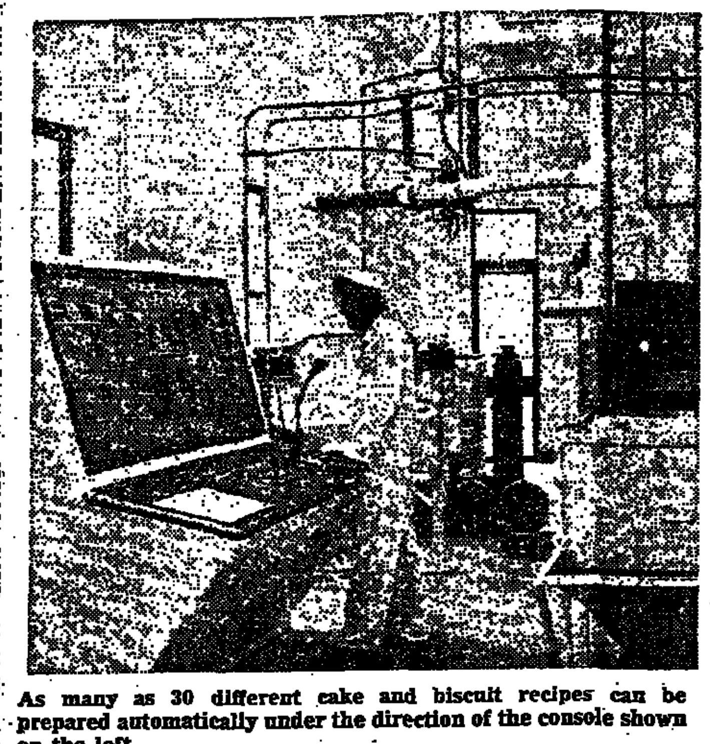
Production of this colouring provided the money for his son Frans to develop an improved blueprint paper for drawing office copies. He was succeeded by three sons, all doctors of chemistry followed by the two present family members on the Board.

More Home News, Page 33

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSING



As many as 30 different cake and biscuit recipes can be prepared automatically under the direction of the console shown on the left.

Cakes at a touch of a finger

CRAIGMILLAR division of Van den Berghs and Jurgens is using a high automated blending and mixing array at its new £½m. food production plant at Purfleet.

Setpoint, working with mechanical handling specialists Mehl Tank Vertrieb of West Germany, has installed the complete weighing and process control system all the operations of which are controlled through a set of 30 electronic recipe cards.

Programmable, these cards once plugged into the main console and the process start button depressed, give a fast and reliable means of product formulation which is easy to alter in minimum time.

Bulk ingredients—flour, sugar—are in six silos and the Setpoint equipment feeds the correct weights of each ingredient into a weigh hopper from which a measurement feedback goes to the console.

Smaller amounts of ingredients such as spices, dried eggs, milk powder, cocoa etc. go into two vacuum dump hoppers on which digital displays tell the operator which small batch ingredient is required for a particular recipe, providing a digital countdown till the right amount has been reached.

In a second stage of the programme, dry ingredients are automatically discharged to a mixer where precise quantities of fats are added. The whole process of weighing and mixing is recorded on a print-out. The whole system will cycle back to the starting point as many times as there are batches of a particular mix ordered.

If there is a power failure, the controller will remember exactly what stage had been reached in the procedure until power is restored, picking up the work at the point where it was interrupted. On the console face there is a graphic panel giving at-a glance indication of the state of all the equipment, including silo level alarms and the weight of ingredients in the weigh hoppers.

The company's own project engineers laid down specifications for the "prepared mixes plant" and Setpoint drew on its experience in the steel industry—for which rigorous conditions much of its equipment was designed—and was able to use many standard modules, rugged enough to provide a long operational life almost anywhere.

More details of the operation from Setpoint at Ingate Place, London SW8 3NS. 01-720 3961.

● COMPUTERS

Mini grows muscle

ABLE TO cope with jobs which, a few years ago, were the sole preserve of machines costing £2m. and more, is a new "mini" from Systems Engineering Laboratories priced at a mere £75,000.

Because of this latest announcement and previous launches of jumbo minis from other sources, it is becoming evident that minicomputer no longer describes anything very precisely, other than a machine which is not in the line of development of the large conventional computer.

SEL's 32/75 is the latest of a series of powerful units of which some 200 have sold in less than two years for jobs running from the mathematical simulation of the operation of the Space Shuttle to interactive graphics jobs, car design with real-time data acquisition and many other uses where very high speed in the handling of large amounts of information is required.

One important characteristic of the equipment is that it has been built up from a series of microprocessors each with a specific function to perform at very high speeds. At the same time, large amounts of solid-state memory may be associated with the logic and control units to provide up to 16 Megabytes of 600 nanosecond memory, allowing users to run very large programs without problems.

The company sees the mini market as one with a $2bn. sales level at the moment, expanding fast. But within this market it anticipates the maxi-mini, for want of a better word, to grow even faster from the $300m. sales predicted for calendar 1977 to over $1bn. by 1980.

More from SEL on 01 681 2211.

Basic Four re-emerges

AFTER a somewhat unsatisfactory period in which the product was handled on an agency basis and only seven minis were sold, Basic Four Corporation has set up a formal subsidiary in the U.K. bringing this country into line with several others in Europe.

In West Germany for example 450 machines have been sold: world-wide the score is about 11,000 and in its present financial year the corporation expects sales of $160m. with net profit of $16 to $18m.

It is also now making its own processor in the U.S., having previously used a Microdata machine, and similar moves are afoot in VDU and disc drives. More from the company's new premises at 43, The Vale, Acton, London W3 7RR (01-749 0518).

● INSTRUMENTS

Dimensions checked at high speed

FAST non-contact dimensional gauging system developed by Gay's (Hampton) is to be marketed world-wide by Thomas Mercer of St. Albans.

Called Scanaform the equipment makes use of a microprocessor together with a combination of photo-electric and optical techniques to check cylindrical or flat components of maximum size 50 x 8mm at a feed rate of 25mm/sec. Errors in length, diameter (or width), taper or other shape changes can be identified to accuracies of 0.005mm on diameter and 0.013mm on length.

A typical example might be a shaft with several diameter changes along its length (up to ten can be dealt with). The components would be fed in on a constant speed transporter with the long axis in the direction of motion. An optical system projects the image of the shaft on to a line of extremely small photocells which is at right angles to the direction of motion: according to the diameter passing at the time, a specific number of the cells is covered and this is compared with a standard held in the memory.

For measurements in the axial direction a grating is used which is part of the transporter unit and in effect causes the cells to make a measurement every 0.013mm; thus by counting the number of times a particular diameter measurement is made, the length of that part of the shaft is found.

Components do not have to pass in precise orientation under the optical path—the machine will make the necessary corrections.

Normally the standard held for each kind of component will be established in the computer by passing a pair of master items under the head which are at top and bottom dimensional limits respectively. But a more complex version is available in which keyboard entry is possible.

Scanaform can sort and count, or classify by error or size according to customer requirements and the data from the processor can be used to control subsequent processes, or logged for statistical quality control purposes. More from Thomas Mercer, Eywood Road, St. Albans, Herts. (St. Albans 55313).

● PACKAGING

Sensitive products preserved

FORMING depths of up to 25mm are possible with lightweight foils from DRG, which sees this development as an advance in the high speed reel fed packaging of long-life sterilised meat products.

Over the last few years much rethinking on retort pouch development has taken place. In DRG Flexible Packaging the emphasis has been on finding better ways of packaging and processing existing products. The company found that lightweight aluminium foils may be extended by up to 40 per cent. by laminating to an oriented plastic film. Extensive tests have proved that this can be achieved on conventional reel-fed vacuum packaging machines (such as the Multivac) using air pressure.

A reel of foil laminate (oriented polypropylene/foil/ethylene propylene copolymer) is formed into a die by air pressure. The cavities created are then filled with product. At the sealing station a reel of lidding foil such as Sterilite MFEP (polyester/foil/ethylene/propylene/copolymer) is sealed around the individual filled cavities after removing the head space air. The sealed packs are then punched out of the web and retorted.

Advantages of foil laminate forming over pouching are a reduction in pack area by up to 35 per cent. for hard vacuum packed products and the opportunity of achieving outputs of over 100 packs/minute using a multi-impression tool (cycling speeds are dictated by filling and vacuum sealing operations).

The increased cost of the forming web is offset in the case of hard vacuum packed products by the reduction in pack surface area. Additional savings can be derived from the use of smaller cartons or in some instances where cartons may be eliminated.

DRG is at 1 Redcliffe Street, Bristol BS99 7QY. 0272 294294.

● METALWORKING

Notching machine

TWO VERSIONS of a hydraulically operated adjustable angle notching machine from Italy are now available in the U.K. Called the Vari-Notch, the blades can be independently power adjusted to give a vee notch setting from 30 to 120 degrees, unlike conventional machines which can usually only cut at 90 degrees.

One model has a 10 inch blade and can shear mild steel plate up to 3/16 inch thick, and the other has a 14 inch long blade and will notch ¼ inch plate. Hydraulic hold-downs prevent the workpiece from moving during notching, and angled tee slots on the worktable carry two setting stops to support the plate.

Cutting action, which is hydraulic, is initiated by a foot operated bar. The angle of cut set is shown on a dial on the control console.

Marketing in the U.K. is by Pyramid Machinery Company, 92, Oldfields Road, Sutton, Surrey SM1 2NP (01-644 0116).

● MATERIALS

Tougher paints

WORK CARRIED out at the Paint Research Association, Teddington, has confirmed the effectiveness of new aluminium compounds developed by Manchem (an RTZ Group company) as a paint additive.

Called Alusec 510 and 515, the compounds were formulated to enhance the performance of such surface coating media as alkyds. They also enable toxic through driers, such as lead, to be omitted from the coatings.

PRA tests found that paints containing Alusec maintained acceptable levels of gloss for at least twice as long as standard paints based on the same resin system. Chalking—the appearance of free pigment on the paint surface—was delayed for a similar period.

The modified paints exhibited far better through drying and were 50 per cent. harder than the standard paints. Yellowing, which is apparent on standard paints in dark corners and behind furniture, was completely absent at an aluminium loading of 2 per cent., after panels had been kept in the dark for six months.

Films of paint containing the aluminium resin modifiers exhibit far greater resistance to water. When immersed, water pickup is said to be a quarter of that absorbed by standard coatings.

The maker says the additive would increase the cost of raw materials for paint making by 5 to 10 per cent.

Details from Manchem, Lower Vickers Street, Manchester M10 7LY (061-205 2671).

● HANDLING

Containers come down to earth

ANY TYPE and size of ISO container or flat, up to 40 ft. long, can now be transferred from the vehicle to the ground, and back by one man on almost any surface where a forklift truck can travel.

Transfer frames free-standing and each with self-contained diesel or electro-hydraulic power unit, are taken into position by fork lift truck and locked to both ends of the container.

Guided, stabilised, telescopic lift posts are powered downwards until each finds a firm footing, using 15 in. square spreader plates if necessary. The container is then moved up and down by operating the posts, which lock into the top corner castings. Movement is controlled from a hand-held console on a 16 ft. lead.

The units will cope with up to 6 in. misalignment, when lowering a container on to a lorry deck.

Clearance either side of the container can be as little as 1 ft. 6 in. Lifting/lowering to and from full height averages 1.8 mins./20 tons. Typically, a single operator can carry out 10 complete 20-ton container turnrounds in an eight-hour shift.

The system will accommodate box, bulk, and [illegible] containers of from 8 ft. to 9 [illegible] mechanisms mid frames cater units. Twin-hal[illegible] handled as stan[illegible] or just the top be transferred. are braced by stabiliser bars plates on the be them to the [illegible] Maximum weigh[illegible] handled is 40 to[illegible] The frames are fork pockets, fac[illegible] carrying across end-on, which handling. Many are incorporat[illegible] warning lights points for night "level" warning tainer moves mo[illegible] from the horiz[illegible] lights when the r[illegible] and a warning mechanisms are engaged.

Details from [illegible] bution Systems, [illegible] Fletton, Peterboro[illegible] (0733 65224).

● TRANSPORT

Small electric ca[illegible]

LATEST VEHICLE in the electrically powered range launched by ElecTraction is the Tropicana. This two/three seater, with a folding pvc hood, was basically created as an electric leisure vehicle—but the maker believes it will emerge as a fully fledged electric road vehicle in the not too distant future.

Capable of travelling 50 to 60 miles between charges, at speeds up to 35 mph, it can climb gradients of 1 in 5. The chassis is of welded and sealed (to prevent water ingress) 14 gauge steel 3 x 2 inch section, with a galvanised finish. The mechanical/electrical parts are all standard production automotive units.

Front and rear suspension is by coil springs. Front brakes are hydraulic disc [illegible] 8 inch drums. [illegible] handbrake is rel[illegible] The electric m[illegible] and there are no thyristor two [illegible] trolley. Heavy traction batterie[illegible] capacity is 153 a[illegible] rate.

The body is plastic. Overall length 128 in[illegible] inches, and he[illegible] The turning circ[illegible] bridge Basin, (0621 55261), sa[illegible] of the Tropican[illegible] and an 8-hour [illegible] just under £3.00[illegible] pany expects the a service life o[illegible]

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. 01-836 3161. (Credit card bookings 01-240 5258) ENGLISH NATIONAL OPERA. Tomor. & Fri. 7.30 Werther; Wed. & Sat. 7.30 The Bassarids; Thur. 7.30 Die Fledermaus. 104 Balcony seats always available on day of performance from 10 a.m.

COVENT GARDEN. 240 1066. (Gardencharge credit card bookings 836 6903.) THE ROYAL OPERA. [illegible]

SADLER'S WELLS TH. Rosebery Ave. EC1. [illegible]

THEATRES

ADELPHI THEATRE. 01-836 7611. [illegible]

ALBERY. 836 3878. [illegible]

ALDWYCH. 836 6404. [illegible]

AMBASSADORS. 836 1171. [illegible]

APOLLO. 01-437 2663. [illegible]

CAMBRIDGE. 836 6056. [illegible]

COMEDY. 01-930 2578. [illegible]

CRITERION. 930 3216. [illegible]

DRURY LANE. 01-836 8108. [illegible]

DUCHESS. 836 8243. [illegible]

DUKE OF YORK'S. 01-836 5122. [illegible]

ELLE et LUI. 01-437 2661. [illegible]

FORTUNE. 836 2238. Mon.-Fri. 8.00. Sat. 5.00 and 8.00. Mat. Thurs. 3.00. AVRIL ANGERS and DEREK BOND in AGATHA CHRISTIE'S MURDER AT THE VICARAGE [illegible]

GARRICK THEATRE. 01-836 4601. [illegible]

GLOBE. 01-437 1592. [illegible]

GREENWICH. [illegible]

HER MAJESTY'S. 930 6606. [illegible]

HAYMARKET. 930 9832. [illegible]

KING'S ROAD THEATRE. 01-352 7488. [illegible]

LYRIC. 01-437 3686. [illegible]

MAYFAIR. 01-629 3036. [illegible]

MERMAID. 248 7656. [illegible]

NATIONAL THEATRE. 928 2252. [illegible]

OLD VIC. [illegible]

PALACE. 01-437 6834. [illegible]

PALLADIUM. 01-437 7373. [illegible]

PHOENIX THEATRE. 01-836 8611. [illegible]

PRINCE OF WALES. 01-930 8681. [illegible]

QUEEN'S. 01-734 1166. [illegible]

RAYMOND REVUEBAR. [illegible]

ROYAL COURT. 730 1745. Evenings at 8.00. Saturdays 5 & 8.30: GIMME SHELTER by BARRIE KEEFE [illegible]

SAVOY. 836 8888. [illegible]

ST. MARTIN'S. 836 1443. [illegible] AGATHA CHRISTIE'S THE MOUSETRAP [illegible]

STRAND. 01-836 2660. [illegible] NO SEX PLEASE WE'RE BRITISH [illegible]

TALK OF THE TOWN. 01-734 5051. [illegible]

THEATRE UPSTAIRS. 730 2554. [illegible]

VAUDEVILLE. 836 9988. [illegible]

VICTORIA PALACE. 01-834 1317. [illegible]

WESTMINSTER. 01-834 0283. [illegible]

WHITEHALL. 01-930 6692. [illegible]

WINDMILL THEATRE. 01-437 6312. [illegible]

WYNDHAM'S. 836 3028. [illegible]

YOUNG VIC (by Old Vic). 928 6363. Tonight 7.45 ROMEO AND JULIET.

CINEMAS

SCENE 2 & 4 Leic. Sq. (Wardour St.). 439 4470. SCENE 2. Cont. Perfs. Dly. 12.40. Late Show Fri. and Sat. 11.25. SEBASTIANE [illegible]

ABC 1 & 2. Shaftesbury Ave. 836 8861. [illegible]

CAMDEN PLAZA. [illegible]

CLASSIC. [illegible]

CURZON. Curzon Street, W.1. 499 3737. [illegible]

LEICESTER SQUARE THEATRE (930 5252). [illegible]

ODEON. Leicester Square. (930 6111.) [illegible]

ODEON. Marble Arch. (723 2011/2.) [illegible]

PRINCE CHARLES. Leic. Sq. 437 8181. [illegible]

ART GALLERIES

ANDRE DERAIN Watercolours [illegible]

COVENT GARDEN GALLERY LTD. [illegible]

MARLBOROUGH. 6, Albemarle St., W.1. [illegible]

REDFERN GALLERY. [illegible]

UNUSUAL PAINTINGS. 63 Queen's Grove, St. John's Wood. [illegible]

CLUBS

EVE. 189 Regent Street. 734 0557. [illegible]

GARGOYLE. 69 Dean Street, London, W.1. [illegible]

CLASSIFIED ADVERTISEMENT RATES

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Industrial & Business Premises	3	12.50
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Residential Property	3.75	12.50
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COMPANY NOTICES

DIVIDEND NOTICE

Notice is hereby given that a dividend at the rate of Nineteen Cents (19¢) per fully paid share in the Capital Stock of the Bank has been declared for the quarter ending April 20, 1977, payable at the Head Office and Branches of the Bank on and after April 28, 1977, to shareholders of record at the close of business on March 31, 1977.

By Order of the Board

J. A. BOYLE
Executive Vice-President and Chief General Manager

Toronto, Ontario
March 10, 1977.

THE TORONTO-DOMINION BANK

BOND DRAWING

UNION DE BANQUES ARABES ET FRANCAISES
U.B.A.F.
Loan US $ 25,000,000.- 1977/1982

[illegible]

The Fiscal Agent
CREDIT LYONNAIS-LUXEMBOURG

LEGAL NOTICES

JUDICIAL SALE [illegible]

EDWORKS (1936) LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO SHAREHOLDERS —DECLARATION OF DIVIDENDS— DIVIDEND NO. 60

[illegible]

By Order of the Board.
D. H. EDGE.
Secretary.

JAMES WALKER GOLDSMITH & SILVERSMITH LTD.

NOTICE IS HEREBY GIVEN that the Transfer Books of the Ordinary and Non-Voting Ordinary shares will be closed from 13th April 1977 to 20th April 1977 both days inclusive, for payment of an Interim Dividend on the 29th April 1977.

E. M. SMITH. Secretary.

DAVIES & METCALFE LTD.

NOTICE IS HEREBY GIVEN that the Transfer Books of the Company will be closed from 4th April to 8th April 1977, both dates inclusive.

By Order of the Board,
R. ALLEN, Secretary.

PLANT & MACHINERY SALES

Description	Price
140 K.W. LIFT OFF BELL TYPE BRIGHT ANNEALING FURNACE (1967) Complete with four hearths and ex-thermic generator.	P.O.A.
SIX BLOCK NON SLIP VARIABLE SPEED WIRE DRAWING PLANT by Marshall Richards. 22" blocks 300—1000 ft per min 25 H.P. per block.	P.O.A.
MODERN USED ROLLING MILLS, wire rod and tube drawing plant—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc.	P.O.A.
1974 FULLY AUTOMATED COLD SAW by Noble & Lund with batch control for cutting non-ferrous bar. Max. capacity 5" round and square.	P.O.A.
1966 DECOIL, FLATTEN, cut-to-length and sheet stacking line by Bronx max. capacity 48" wide x 10 swg x 12 ton coil.	P.O.A.
50 HP HORIZONTAL BULL BLOCK 600 mm diameter drawblock	P.O.A.
1970 CUT-TO-LENGTH LINE max capacity 1000 mm 2 mm x 7 tonne coil fully overhauled and in excellent condition.	P.O.A.
1965 TREBLE DRAFT GRAVITY WIRE DRAWING machine by Farmer Norton 27"—29"—31" diameter drawblocks.	P.O.A.
STRIP FLATTEN AND CUT-TO-LENGTH LINE by A.R.M. Max Capacity 750 mm x 3 mms.	P.O.A.
1963 HYDRAULIC SCRAP BALING PRESS capacity of main ram 85 tons.	P.O.A.
THREE UNUSED 10 DIE SUPERFINE WIRE DRAWING MACHINES by Marshall Richards.	P.O.A.
COLD FORMING BOLT MANUFACTURING MACHINERY currently in production.	P.O.A.
BAIRD TRANSFER PRESSES 12½ ton blank pierce trans form emboss.	P.O.A.
TANDEM TRANSFER PRESSES 1st stage 12½ ton pierce blank. 2nd stage 25 ton form emboss.	P.O.A.
DOUBLE ACTION PRESSES 4½ ton 1" stroke.	P.O.A.
W. CANNING D.C. GENERATOR 100 h.p. 12 volt 3000 amps.	P.O.A.
ROTO FINISH—GRINDING POLISHING MACHINES 250 kg capacity. 2 compartments.	P.O.A.
ALBA SHAPER Type 45 complete with vice.	P.O.A.
650 KVA MIRRLESS DIESEL GENERATING SET, 3300 volt. 3 phase. 50 cycles. 750 r.p.m. Ex ministry. skid-mounted. Choice of four with only 307, 381, 707 and 869 hours on respective clocks.	£7,500 each
WATER PURIFICATION SETS, convert sea water to drinking water. 85 gallons per hour. Diesel driven—unused.	£4,000
390 KVA ENGLISH ELECTRIC DIESEL GENERATING SET. 400 volts. 3 phase. 50 cycles. 750 r.p.m. Ex ministry. Two available.	£2,500 each
250 KW DORMAN DIESEL GENERATING SET. 415 volts. 3 phase. 50 cycles. 1500 r.p.m. Ex ministry. skid-mounted. 401 hours on clock.	£8,000
250 KW PAXMAN DIESEL GENERATING SET. 415 volts. 3 phase. 50 cycles. 1000 r.p.m. Ex ministry. skid-mounted.	£7,500

WANTED

MODERN USED ROLLING MILLS, wire rod and tube drawing plant—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc.

PLANT AND MACHINERY SALES/WANTED APPEARS EVERY MON[illegible] FRANCIS PHILLIPS, FINANCIAL TIMES, 10, CANNON STREET, EC4P [illegible] TEL: 01-248 8000, EXT. 456.

هكذا من الأصل

"Why does ITT go on investing in Britain?"

The last few years have not, to put it mildly, been good ones for the British economy.

And yet, in 1976 for example, ITT companies in Britain invested no less than £18 million in new plant and machinery.

Plus another £15 million on research and development.

Which isn't to say that ITT is a philanthropic organization lending Britain a helping hand with no thought to its own financial stability or profitability.

Far from it.

ITT has always prided itself on being profitable, and intends to remain so.

And its investment programme in Britain has always been planned on that basis.

The results:- in the past, healthy profits year after year, even during the recent recession.

And for the future, the renewed conviction that, given the right resources and backing, British industry can match the world for efficiency. And profitability.

ITT

ITT companies in Britain include: Abbey Life Assurance, Ashe Laboratories, Excess Insurance, ITT Consumer Products, Rimmel, Sheraton, Standard Telephones and Cables and [Stand]ard Telecommunication Laboratories. For further information, including the latest edition of a 20-page publication "Facts about ITT in Europe," please write to 190 Strand, London WC2R 1DU.

Building and Civil Engineering

£4m. Irish pipeline award to Laing

JOHN LAING Pipelines, in a joint venture with the South of Ireland Asphalt Company (SIAC) of Dublin, is to lay 41 km of onshore natural gas pipeline for the Bord Gais Eireann in the area of Cork Harbour. It will serve Ireland's first gas find, the Marathon Kinsale Head field, now being developed.

The £4m. contract calls for the laying of 30 km of 600mm (24-inch) diameter welded steel pipeline with a further 11 km of 450mm (1 foot 6 inch) pipe. This is part of the line which will run inland from the shore line at Inch Beach on the east side of Cork Harbour entrance in a wide circle north and west, finishing in Cork city.

About 200 men will be employed on the work which starts on April 1 and is scheduled to be completed by October.

Consulting engineers for the contract are the British Gas Corporation and quantity surveyors are Currie and Brown and Coveney.

The CEGB, Transmission Development and Construction Division, of Guildford, has awarded John Laing Construction, Engineering Division, a £760,000 contract to build a chimney at a new 280 MW power station at Bulls Bridge, Hayes, Middlesex.

The chimney will be over 197 feet high, have a diameter of 60 feet and include eight steel flues each 12 feet in diameter.

A concrete raft base 10 feet below ground level, with vertical walls has already been built by another contractor. On top Laing will construct a 40 feet high circular plinth of reinforced concrete columns capped by a ringbeam. The remaining 158 feet will be constructed of reinforced concrete using the slipform continuous pouring method.

On the site of a former British Rail sleeper yard, the new station will be completed by 1980. It will be switched on to meet peak demands.

Laing will start work in June with completion due by the end of April next year.

Another job for Laing is a £470,000 civil engineering contract in connection with the modernisation of Thermalite's plant at Purfleet, Essex, where aerated concrete blocks are made.

The work involves extensive alterations and extensions to existing production facilities, including concrete foundations for five new autoclaves.

More houses for Milton Keynes

TRADITIONAL construction has been adopted for 207 dwellings to be built under a new contract worth over £2.1m. for Milton Keynes Development Corporation by Wincott Galliford.

This is the second stage of rental housing designated Springfield No. 2 and it will provide a total of 477 houses and flats.

Work has started on the site which is to the north of Springfield Boulevard and it is to be completed by December next year.

Two jobs in Shetlands

CONTRACTS worth £1.6m. have been awarded to the Terrapin International Group.

The largest contract, worth £1.5m., has been placed by Miller Construction Northern to extend the Tofts Voe construction camp in Shetland to accommodate a further 540 men.

The entire project is now worth £5.1m. to the Terrapin Group and calls for the provision of over 37,000 square metres of building. Work on the first stages of the camp has already started and the contract will be completed by May 1978.

Intercity Electric and Mechanical Services, a Group company has been awarded two further contracts for work in the Shetlands. One valued at £120,000 from Miller Construction (Northern) is for the underground sub main cabling near Sullom Voe comprising the supply and installation of seven thousand metres of cable and the other valued at £20,000 is for the electrical installation in a new welding bay at Lerwick for Norscot Services.

Coal Board places big orders

CONVEYOR belting worth over £25m. has been ordered by the National Coal Board. It is to be supplied between May 1 and April 30 next year.

Over £21m. of this order is for fire resistant belting and it will be shared between BTR Belting, Dunlop, Greengate Industrial Polymers, TBA Industrial Products, Scandura and J. H. Fenner and Co.

The rest of the order, for belting of a different specification is split between BTR Belting, Greengate Industrial Polymers, Uniroyal and Goodyear Tyre and Rubber Company.

The Coal Board has also ordered over £2.8m. worth of precision insulated mains cables. This is being shared between AEI Cables, BICC, Crompton Parkinson, Delta Enfield Cables and Pirelli General Cables.

Tracking a seabed pipe

BURYING a pipeline in a trench on the seabed to protect it is one of the most important jobs in North Sea oil and gas operations.

Finding the pipe again once it is at the bottom of the sea demands high precision steering of the jetting barge which will do the burying job. Hunting Surveys has been retained by Santa Fe Overseas Inc to carry out this position fixing task for the barge which will operate on 25 miles of the 16 inch pipeline from Unionoil's Heather Field and the BP Ninian field in the northern North Sea.

Using the Mini Ranger positioning system from the barge, and on a separate survey vessel, the company is already on site. It has also been commissioned to do an "as-built" survey of the pipeline.

Full design services and project management support on the vast Maritime Academy project in Libya, a model of which is shown here, is being provided under a contract signed by White Young and Partners with the Secretariat of Marine Transport, Libyan Arab People's Socialist Gamariat. Apart from the Academy buildings, there will be a new harbour and a site has been selected near Tripoli. Preliminary suggestions were submitted by the consultants towards the end of 1976 and the full design contract was signed last week. It is expected that tenders for the construction of the complex will be invited by the end of the current year with a view to starting work on the vast project, estimated to cost several tens of millions of pounds, in 1978.

Newcastle metro job

WORTH around £1.6m. a contract for work on the Tyne and Wear Metro project has been won by Balfour Beatty Construction, member of the Balfour Beatty Group (BICC).

The contract was placed by Tyne Wear Passenger Transport Executive; consulting engineers are Mason Pittendrigh and Partners and the architects Ainsworth Spark Associates.

Object of the work is the construction of the Heworth interchange with retainer walls, station concourse and platforms, earthwork and bottom ballast for British Rail trackwork. A road bridge will also have to be demolished and rebuilt and roadworks and parking space will be provided within the area. Completion is due in two years.

Gas block plant move

PLANNING PERMISSION has been granted by Bolsover District Council for the £3½m. gas concrete building block plant that TAC Construction Materials wants to build at Alfreton in Derbyshire.

Tenders are on their way to civil engineering companies and work on the six-acre site should begin in April-May.

Production is to begin in the summer of 1978 at an initial weekly output of 15,000 square metres of blocks. This will rise to 40,000 square metres, supplementary to the company's existing block plant at Halton, Widnes.

Lacey Roberts Tonge and Horbury are construction management consultants for the Alfreton project on behalf of TAC, which is a Turner and Newall group company.

HAC flaws traced

STRENGTH and safety of high alumina cement (HAC) beams can be monitored by a relatively simple non-destructive method devised by Acoustic Emission Consultants, a joint company of Tekell Holdings and Cambridge Consultants.

Both laboratory and site tests have shown that it is practicable to find flaws and predict the likelihood of failure by listening to the natural ultrasonic signals emitted by a structure when it is under load.

The method can be used on suspect beams and, periodically or continuously on beams in situ.

Tests so far have demonstrated that for any HAC unit the signal it emits under load undergoes a clearly identifiable change at 60 per cent. of the peak load needed to cause failure.

This means, in practice, that the danger point can be precisely determined from a safe point on the load curve.

Acoustic emission testing can be used on any HAC structure, whether chemical change is in progress or not and can also be employed to detect the rate at which chemical attack is proceeding and thus provide a measure of the rate of deterioration of the structure.

Acoustic Emission Consultants is at Edison Road, St. Ives, Huntingdon, Cambs. More details on 0954 80461.

Fairclough homes in Norfolk

AT GORLESTON, in Norfolk, 241 dwellings are to be built for the Orbit General Housing Association by Fairclough.

Contract price is £3m. and covers 115 two-storey houses and 126 two- and three-storey flats. Duration is two years and the general layout will be that of tree-filled courts surrounded by the dwellings but with some use of brick-screen walls as well.

Merchants surveyed

RESULTS OF a survey of the financial performance of 308 of the larger British builders' merchants have been published by Jordan Dataquest.

Despite the present economic climate and that the trade is a distributive one margins look adequate enough, says the report. It adds that this view is supported by the surprisingly low number of firms (19) which were making losses according to their latest filed accounts.

Data provided for each company relates to two years and includes sales, exports, pre-tax profits, U.K. employees, wages, assets, liabilities and loans.

Copies of the survey, price £28, can be obtained from Jordan Dataquest, Jordan House, 47 Brunswick Place, London N1 (01-253 3030).

Exposes the decorative aggregate

WHERE SPECIAL aesthetic effects are required in pre-cast exposed aggregate concrete, solvent based surface retardents with etch depth control can be used. The fluids have been developed by Chemical Building Products, Cleveland Road, Hemel Hempstead, Herts., HP2 7DL (0442 2101).

Called Liftex 235, the fluids are thixotropic, *and can* be brushed or sprayed on moulds, formwork, shuttering, or concrete. Retarding agents in the liquid combine with the surface cement to delay normal hydration; while allowing the underlying mass of concrete to set and harden in the normal way.

This leaves a soft cement paste on the surface of the concrete which can be brushed or washed away, while decorative aggregates *are exposed but firmly em*bedded. Three types are available—for deep, medium, or fine etch depths.

The material can also be used to provide a mechanical key when in-situ concrete joints have to be made. Liftex is supplied in 25 litre pails, and will cover 10 square metres/litre.

Venezuelan oil search

WIMPEY LABORATORIES has signed a contract with Instituto Technologico Venezolano del Petroleo (Intevep) for advisory and operations management of oceanographic, meteorological, bathymetric and shallow seismic research to be carried out on the Venezuelan continental shelf. *Intevep is the investigation and* development centre for the Venezuelan oil industry.

Operations are planned to start off the Orinoco delta later this year and Wimpey says this work will be extended to cover other areas where offshore oil resources will eventually be exploited.

IN BRIEF

- Handling bags of fine diatomaceous earth in a howling gale will become a thing of the past with the supply to U.K. Exploration and Production (operating in the North Sea on behalf of Shell and Esso) of 18 transportable silos by Manmore Engineering at a cost of £80,000. Refill is on shore where the silos are taken when empty. They have 15 cubic metres capacity each.
- Lester and Co (Contractors) Sydenham (John Willmott Group) has been appointed by the UDS Group to undertake extensions and improvements to Hinds departmental store at Eltham, London SE9, under a contract worth nearly £¼m.
- Willett has been awarded a *contract worth £280,000 for the* erection of 16 houses and 12 flats in four separate blocks at Beddington, Surrey, by the London Borough of Sutton.

J.C.Kapur 1/35

The Executive's and Office World

EDITED BY JOHN ELLIOTT

MANAGERS' PAY IN EUROPE

Heavy cost of transfer from U.K.

BY NICHOLAS LESLIE

COMPANIES contem- ransfer of a senior any of seven major countries or to the have to raise his by up to 71 per cent. maintain his U.K. living. This is a of a major study of n among top mana- rope which is to be shortly.

y also illustrates the vels of salaries for obs in each country for example, that ns-paying companies of around $20m. year, the U.K. chief as the lowest paid at 9,450) while the d was his French at $47,330 (£27,500). he U.K. chief execu- bottom of the scale Italian at $24,740

cy was carried out European companies 1 3,626 executives in ositions. Those res- cluded 693 chief f companies, 639 top or sales executives financial executives. ies involved were taly, Switzerland, ain, Germany, the Belgium and the d was also included information on the provided by the anagement Associa- organisation with nagement Centre publishers of the rvey is linked.

ty

y covers a variety related to the n of management, lary administration evaluation systems, of salary reviews, nuses, company cars nces and pensions security legislation. l out that earnings s appeared in most untries, but that it ly from country to do inflation rates s levels and prac- as added a "further to the task of the l salary planner in a coherent European compensation structure which is cost-effective, retains executive motivation, and is appropriate to varying national environments."

Dealing with the subject of cost-of-living differentials, the survey warns that comparisons should be treated with caution as no single comparative index adequately reflects differences in national spending patterns and in the levels of purchasing power of international executives. The survey therefore claims in this respect only to provide a general guide to likely differentials.

Thus, the indicator given in the survey on comparative costs of living relates to the international executive on a high income level and takes into account "all the major items relevant to their spending patterns, assuming some modest adjustment to local consumption patterns." Further elaboration is not given, however.

To maintain a U.K. standard of living in Italy would require a 4.2 per cent. salary rise if an executive transferred there. For Spain it would be 9.5 per cent., and for France 37.4 per cent. The biggest increases would be 50.5 per cent. for a move to the Netherlands and 71.2 per cent. for Switzerland.

In drawing up salary comparisons, figures used are based on projections given by the companies concerned to MCE for early this year. Companies have been split into bonus-paying and non-bonus-paying concerns and it was found that the difference in base salaries paid by each category was not great—on average, about 10 per cent. lower among those paying bonuses.

The 11 executive positions studied are as follows: chief executive, deputy chief executive, division director, and then top marketing/sales executive, manufacturing executive, engineering, research and financial executives, and top administrative, personnel and purchasing executives. A description of the function of each managerial position is given.

Median level

In Belgium, where the median level of annual sales of companies surveyed was $14.5m., the median total net annual remuneration of the chief executive was $36,330 in companies where bonus was included, and $33,220 in non-bonus companies.

Corresponding figures in France — where the median total annual sales figure of companies was $13.9m. — were $43,300 and $35,710. For the Netherlands, with median company sales of $21.7m. annually, the figures were $26,760 and $24,710, while in the U.K. where the median annual sales figure for companies suveyed was $23.6m., corresponding figures were $16,590 and $15,170.

The weight of taxation in the U.K. is highlighted through comparisons of net incomes after deduction of income taxes and social security charges, assuming a married couple with two dependent children where the wife has no income of her own.

Someone earning the equivalent of $10,000 in the U.K. would take home 70 per cent. of it as net income, while in Germany the figure would be 78 per cent. For the Netherlands, France and Belgium the percentages would be 79, 92 and 93. Moving up the scale a $35,000 salary would net down to 46 per cent. of that sum in the U.K., 65 per cent. in Germany, and 57, 80 and 54 per cent. in the Netherlands, France and Belgium respectively. At the top end of salary payments illustrated $120,000 would net down to just 26 per cent. of the gross in the U.K. In Spain, 51 per cent. would be retained, in Switzerland 57 per cent. and in France 67 per cent.

The survey states that in formulating salary administration programmes it is normal practice to relate the remuneration of the top executive of each function to the salary level of the chief executive. It then goes on to show in tabular form the relationship, in percentage terms, of ten top management positions to the chief executive. Thus, the deputy chief executive is shown to have 71 per cent. of his superior's responsibility, while in the Netherlands the figure is 79 per cent. and in Belgium 81 per cent. In the majority of cases U.K. executives have a lower level of responsibility in relation to the chief executive than is the case in seven European countries. One of the exceptions is the financial executive, whose relative responsibility is put at 55 per cent., while in Germany it is 50 per cent.

The country in which formal incentive bonus schemes are most prevalent is Germany where 57 per cent. of companies surveyed operated them. The U.K. came relatively high on the list with 31 per cent. of companies, the lowest figure being 12 per cent. in the Netherlands. The proportion of base salary which bonuses represented emerged as being fairly consistent—generally between 12 and 14 per cent. The lowest was 10 per cent. in the Netherlands and the highest 18 per cent. in Germany.

Exception

Profit sharing was shown to play "a relatively minor role in European remuneration planning," the exception being France, where such schemes are legally required for all companies employing more than 100 people.

Stock options plans, fairly popular in the U.S., are not anywhere near so common in Europe. None the less, among countries surveyed the U.K. was shown to have the highest percentage of companies providing such an option—15 per cent., with Germany being the lowest at 6 per cent. Another area where U.K. companies lead the field is in company cars. Some 93 per cent. of companies have them. Elsewhere, percentages ranged from 61 in Spain to 86 in the Netherlands.

The survey, which runs to nearly 230 pages, also contains details of social security benefits and pension plans in each country. Entitlements illustrated include retirement and survivor benefits, disability, sickness and unemployment benefits and family allowances. Charges to both employer and employee for each of the benefits is explained and details are given of the different funding practices for pensions in each country. The most recent legislation affecting benefits is also briefly outlined.

The survey is available from Management Centre Europe, Weissenbruch S.A., Rue de l'Orphelinat 40, 1070 Brussels, price BFrs.11,000.

RELATIVE RESPONSIBILITIES OF MANAGERS

Positions	B %	F %	G %	I %	N %	S %	Sw %	UK %
Chief executive	100	100	100	100	100	100	100	100
Deputy chief executive	81	77	71	73	79	77	72	71
Division director	70	71	—	67	69	66	61	67
Top marketing-sales executive	64	66	61	70	66	62	58	58
Top engineering executive	52	60	57	58	68	54	58	49
Top financial executive	58	56	50	58	62	60	52	55
Top personnel executive	51	46	45	55	56	46	52	45
Top purchasing executive	47	45	41	50	50	38	45	34

B—Belgium. F—France. G—Germany. I—Italy. N—Netherlands. S—Spain. Sw—Switzerland.

Ways to cut red tape in the quest for exports

BY BERNARD SIMON

EXPORT managers are quick to pounce on anything which soothes their major headache of red tape. So it is little surprise that the Simplification of International Trade Procedures Board (Sitpro) has already sold 5,000 copies of its new book showing how export paperwork can be made easy.

The book is just one part of Sitpro's efforts to cut trade documentation and procedures, thereby helping traders to prune costs, speed up delivery times, reduce errors—and ease frustrations.

Sitpro was formed seven years ago by the Department of Trade. On its board are shippers, forwarders, bankers, port authority representatives, insurance men and officials of the Department of Trade and HM Customs. And its work has the backing of United Nations groups dealing with trade facilitation, as well as bodies such as Lloyds, the General Council of British Shipping and the Institute of Freight Forwarders.

In addition Sitpro has 20 sister organisations abroad — Indpro in India and Sitprosa in South Africa are the most recent additions. It is currently helping to set up trade facilitation bodies in Australia and Ireland.

Layout

According to Mr. John Raven, chief executive of Sitpro, his organisation is only now "at the stage where we have some products in stock and can get down to telling people about them." Its major product (and the subject of the new book) is its uniform layout for forms used in international trade. This design is already being used by almost all forwarding agents, but by only one-fifth of exporters.

Sitpro reckons that by using the key, exporters can halve documentation costs, estimated to account for between 7 and 8 per cent. of the average consignment value. Mr. Raven also maintains that the recent alignment of just one U.S. customs form to Sitpro's internationally-approved system will save British shippers about £1m. each year.

The basic advantage of the layout standardisation is that a large number of different export documents, which previously had to be filled in separately and which included a good deal of unnecessary information, can be completed by typing just one master document and then using a mechanical copying process.

Among the standard trade forms now aligned to Sitpro's master document are shipping notes, export invoices, export consignment notes, bills of lading, U.S. customs declarations, certificates of origin for Arab countries and dangerous goods declarations. In addition, the master can be used for consignments sent by any form of transport and to prepare internal documents.

The master document has a box grid design on A4-size paper. The boxes — each a specified size and in a set position on the form—contain the information required on the various forms aligned to the master by exporters, shipping lines, port and customs authorities, banks and so on. Provision is made for continuation sheets.

Since not all the data typed on the master need be shown on each export document, there are a variety of ways in which unwanted information can be masked.

Master documents can be prepared by an automatic typewriter or from computer data. If the exporter's master (or part of it) is identical to his freight forwarder's or customer's, all (or part) of theirs can be reproduced from the original without the need for manual transcription. And instead of paying an agent to draw up bills of lading or similar documents, the exporter can prepare his own.

Standard master documents, masking materials and forms can be bought from stationery suppliers. And companies can often use existing duplicators, copiers, offset lithos or computers to run off their export documents.

Simple as it is, Sitpro suggests that those intending to introduce an aligned system should consult outside experts. Some duplicating machine manufacturers offer a systems consultancy service. Reputable export consultants can design and print stationery and install a complete system. Sitpro itself sells a one-day, do-it-yourself training kit, while various chambers of commerce and the Government Training Services Agency regularly offer courses on aligned documentation.

Efforts continue to standardise other trade forms to Sitpro's master document. Highest priority at present is EEC certificates of origin (which will hopefully be aligned within the next 12 months) and other Community transit documents. Sitpro is also working on the air waybill, although the problem of reaching consensus among 150-odd airlines is holding things up.

Procedures

Alignment of trade documents has over-shadowed an equally important part of Sitpro's work—the facilitation of trade procedures. Why for instance, asks Mr. Raven, should companies' VAT payments be checked through their books while checks on customs duty payments are laboriously carried out at border posts? Sitpro is trying to get HM Customs to allow inventory checks of duty payments.

It is also hoping to persuade all EEC governments that two border customs checks—one on leaving a country, the other on entering its neighbour—are wasteful.

Another Sitpro project which can already save exporters time, money and frustration is its design of a standardised non-negotiable liner waybill (in use since the beginning of the year) as an alternative to a bill of lading.

Although some shipping lines have designed their own waybills, there are numerous discrepancies between their documents. Sitpro is pressing all lines not only to accept waybills (which, unlike bills of lading, need not be sent to importers to enable them to clear their goods), but also to use its standardised form.

Systematic Export Documentation, Sitpro, 11, Waterloo Place, London S.W.1., price £1.

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MONDAY, MARCH 28, 1977

The Nine do better

THE LATEST EEC summit, which ended in Rome at the week-end, *has gone well by the* Community's recent standards. After successfully defusing the most explosive issue — the presence of the Commission at the Western economic summit in London in May—the Nine got down to a workmanlike discussion of some of the Community's most pressing economic problems, including unemployment, Japanese competition and the crisis of the European steel industry. A more coherent, and more positive approach appears to have been worked out towards some of the major demands of the developing countries in the current North-South dialogue between the world's rich and poor nations, and a wide-ranging debate on the implications of the Community's further enlargement has at last got under way. For once, Chancellor Helmut Schmidt of West Germany contributed to the generally favourable climate by refraining from lecturing his partners on how to run their economies.

Authority

The decision to invite Mr. Roy Jenkins, as President of the Commission, to at least part of the Western summit in London is a victory for common sense. The Western leaders' talks are bound to enter a number of areas, such as trade and the North-South dialogue, that are of direct concern to the Commission. It is obvious that it can only do its job properly if it is allowed to participate. It is also vitally important for the personal authority of Mr. Jenkins that he should be seen to have won his first major political battle with the French Government, which had tried to have him excluded. The moral of the story is that President Giscard d'Estaing in the end showed he was prepared to back down rather than risk wrecking the entire Rome summit. General de Gaulle would not have done.

The Nine's more positive approach to North-South issues, and in particular towards the negotiations on a Common Fund for commodities, is also to be welcomed. It is a considerable step forward that the Nine at *last look like having something* approaching a common position in an area where they have shown such open dissension in the past. The hope must be that this apparently united front does not split apart as soon as negotiations get down to the real nuts and bolts of future commodity agreements and their financing. It is far from clear, for example, how far the hardline countries like Germany and the U.K. really are in agreement about the timing of a Common Fund's establishment, its size and scope, or the role to be played by schemes to stabilise export earnings rather than raw material prices.

A third cause for satisfaction is that the Nine are at last showing signs of readiness to conduct a serious examination of the political and economic consequences of admitting the Mediterranean countries — Greece, Portugal and Spain — that are now in different stages of bidding for entry. It would be wrong to reject these countries on the grounds that the Community cannot cope with the problems they present. That would be to penalise the emergent democracies of Southern Europe for the Community's own failings. But it would be the height of irresponsibility to admit them without first ensuring that the Community is in a fit shape to take the additional strain.

Procedures

The Rome talks have shown that EEC summits, or European Councils, can operate in the way in which they were intended. One pressing political problem has been solved. Others have been aired at the highest level without decisions necessarily being taken. Working procedures are now being modified to ensure similar successes in the future. It is vital that these efforts should bear fruit. There can be little hope that the right decisions will be taken elsewhere in the Community's complex machinery if it is not running smoothly at the top.

The haggling over civil aviation

CIVIL AVIATION is an industry in which a company's market share depends at least as much on inter-governmental bargaining as on competitive skill. All governments seek to secure the best possible deal for their airlines (whether State-owned or not), using whatever negotiating counters are available.

The Anglo-American talks on a successor to the Bermuda agreement, which resume in Washington to-day, represent an attempt by the British Government to reduce what it regards as the unduly large share of the market held by American airlines, especially on the North Atlantic route. Last year the British renounced the Bermuda agreement, with the result that unless a new deal is agreed by June 22, air services between the U.S. and U.K. could, in theory, be suspended.

Capacity

The British point out that, on scheduled services between U.K.-owned and U.S.-owned locations, American airlines earn twice as much as British airlines. The particular bone of contention is the North Atlantic where the Americans earn £183m. and the British £127m.: the only fair division of traffic on this route, say the British, would be 50/50. They are arguing for single designation, whereby only one airline from each country would be permitted to fly between New York and London or any other pair of cities. In addition, the British want new arrangements for regulating capacity. Finally, they want an end to the "fifth freedom" rights, whereby an American airline, having flown from New York to London, can pick up new passengers and fly them on to other destinations in Europe and elsewhere.

The Americans say that since they originate more of the traffic, they are entitled to more of the business. The British answer is that London is where the travellers want to go, both as a destination in its own right and as the gateway to other cities; since London belongs to the U.K., the U.K. deserves an equal share of the revenue. The British assert that the "fifth freedom" rights enable the Americans to take traffic away from British (and Continental) carriers and this is an unrequited privilege.

Adding spice to the affair are the dispute over Concorde landing rights and the new possibility of the Laker Skytrain service. The latter still has some obstacles to overcome in the U.S. and is unlikely to play a central part in the current talks. Concorde is a more serious complication. Clearly it is a legitimate source of grievance for the British; they see it as yet another example of the Americans not living up to their side of the agreement. It is true that in relation to the U.K. balance of payments, a larger share of profitable subsonic traffic between New York and London might be more attractive than the supersonic service on the same route. But there is no question about the determination of both French and British Governments to get Concorde established in the U.S. What is absolutely clear is that an American "concession" on Concorde will not be regarded by the British as a *quid pro quo* in the Bermuda negotiations.

Concessions

The Bermuda agreement has helped the Americans to develop what was always a powerful civil aviation industry. But it is inherently improbable that an agreement signed in 1946 is appropriate 30 years later. Compromises which may have seemed acceptable then, on certain assumptions about the U.K.'s worldwide role, no longer fit to-day's realities. The Americans are not going to give up all they have gained, but some concessions are inevitable. It should be possible to negotiate a new agreement without bringing Anglo-American relations to breaking point.

CARTER'S MAN IN MOSCOW • BY MALCOLM RUTHERFORD

A bid for real nuclear disarmament

Mr. Cyrus Vance.

MR. CYRUS VANCE, the U.S. Secretary of State, is in Moscow to-day to talk about SALT, the Strategic Arms Limitation Agreement. Besides that, anything else on the agenda—human rights, the Middle East, Africa—comes at most a poor second. All of these subjects could have an effect on the SALT negotiations, but it is SALT itself that counts. The Strategic Arms Limitation Talks are the litmus test of Soviet-American relations.

In a narrow sense, we have been here before. SALT has been around for almost a decade. The announcement of the very first negotiations was timed for release on August 21, 1968, only to be abruptly postponed when the Soviet Union invaded Czechoslovakia on the previous night. Presidents Johnson, Nixon and Ford have all been involved, not to speak of Dr. Henry Kissinger. In May 1972 there was even an agreement known as SALT 1, and in November 1974 President Ford and the Soviet party leader, Mr. Leonid Brezhnev, meeting at Vladivostok, established the guidelines for SALT 2.

In a wider sense, however, it is difficult to escape the conclusion that this is the time that matters. Neither SALT 1 nor the Vladivostok agreement had much to do with arms control; they had nothing whatsoever to do with disarmament. The proposals which Mr. Vance has taken to Moscow, and which have been developed in a series of Press conferences by President Carter, have to do with both. There is every reason to believe that they are seriously intended and will be seriously pressed.

President Carter has done a remarkable thing. He has achieved both consistency and simplicity of language. Most discourses on SALT are studded with technical phrases—throw-weight, equivalent megatonnage, cep ratios, or whatever. In President Carter's references to the subject there is not a trace of jargon. He has gone to the heart of the matter: are the two superpowers going to go on pursuing agreements which, in practice, allow the competition in strategic armaments to continue, or will they talk about effective arms control and, ultimately, disarmament? He has come down emphatically in favour of the latter.

To see this it is necessary to look at the holes in both SALT 1 and the Vladivostok guidelines.

The principal failing is that neither takes account of advances in technology. As measures of arms control—as distinct from political agreements intended to improve the general atmosphere of Soviet-American relations—they would be logical only if there were a commitment quickly to move on not only to SALT 2 and 3, but probably also to SALT 4 and 5 as well. These latter agreements would have to deal with cuts in existing programmes and weapons deployments and, beyond that, with limitations on new developments. Of such a commitment, until President Carter, there has been no sign.

Before exposing the holes some brief technical explanation is required. Until very recently it was generally assumed that the term "strategic armaments" had a fairly precise meaning. It applied to long range nuclear systems (say a range of 3,500 *miles or more*) capable of inflicting major damage on the heartland of the adversary. The strategic aresenal consisted of a triad: submarine-launched ballistic missiles (SLBMs), long range bombers and fixed base intercontinental ballistic missiles (ICBMs). It was the SLBMs that were in the ascendancy because, with whole oceans to play with, the submarines had a very good chance of escaping enemy detection. The bomber was on its way out because of the probability that it would be destroyed before reaching target. The fixed base ICBM still had some lifetime, but was gradually becoming more vulnerable because of the improved accuracy of weapons systems—that is, there was a growing chance that the silo could be destroyed before the ICBM had been launched.

Doubtful validity

Those were the assumption on which previous strategic arms limitation negotiations have been based. To-day, for reasons which we shall come to in a moment, it is doubtful whether any one of them has much validity. In a few years' time (say by the early 1980s), *it is doubtful whether they will* have any validity at all.

Yet, even if the assumptions had been correct, the holes in SALT 1 and Vladivostok were still gaping. SALT 1 was being overtaken by technology even before it was signed. It set ceilings on the number of land and sea-based offensive strategic missiles for both superpowers—1,710 for the U.S. and 2,358 for the Soviet Union. The Soviet figure was higher partly because, for reasons of geography, the Soviet Union needed to deploy more submarines than the U.S. in order to be sure of having an equivalent number actually on station, and partly because some of the U.S. missiles already had multiple warheads.

The ceilings were higher than the number of missiles then deployed, so that in no sense could SALT 1 have been described as a measure of disarmament. There were no constraints on the number of bombers. Most important of all, however, was the failure to tackle the question of multiple warheads, known technically as multiple re-entry vehicles (MRVs). The agreement was entirely about the number of *launchers and not at all about* the number of warheads each launcher could carry. MRV technology was a field in which the U.S. was then, and still is, ahead, but not surprisingly the Russians have begun to make progress of their own.

Mr. Brezhnev making a speech last week which reaffirmed his support for SALT.

Even the launcher ceiling enshrined a degree of "overkill"—the term for the way the superpowers can theoretically destroy each other several times over. The loophole on the number of warheads increased the potential overkill still further. The development of multiple *independently targetable* re-entry vehicles *(MIRVs), even then under way* on the American side, raised the overkill yet again. Whereas MRVs simply increased the hit probability in going for a single target, MIRVs could be individually aimed at targets widely dispersed—for example, a scattered group of missile silos.

The Vladivostok agreement was an attempt to plug the MIRV gap. Again there was to be a ceiling on the number of strategic delivery vehicles (that is launchers), this time 2,400 for both sides. But there was also to be a sub-ceiling (1,320) for the number of launchers to be equipped with MIRVs.

Dr. Kissinger, who played a large part in the agreement, described it as a potential turning point leading to "putting a cap on the arms race and the first step to a reduction in arms." In the event, it was rather like buying for a five-year-old a cap designed for a ten-year-old in the hope that once he grew into it, he would start growing smaller and the cap would shrink with him.

Vladivostok again set ceilings higher than existing deployments. Again there was no mention of bombers, and once again, as in the case of MIRVs, *technology was moving faster* than diplomacy. The Vladivostok accord—itself no more than guidelines for a possible SALT 2—said that such an agreement, if reached, should include a "provision for further negotiations beginning no later than 1980-81 on the question of further (*sic*) limitations and possible reductions of strategic arms in the period after 1985."

Several factors, apart from the long run up to the American Presidential election which effectively removed President Ford's freedom of action, contributed to prevent the guidelines being transformed into a formal SALT 2. One was the omission of the bombers. It turned out that the Soviet Union had developed an aircraft, codenamed the Backfire (B for bomber and F for fighter), which, although a bit of a hybrid and perhaps in need of in-flight refuelling, was capable of delivering a strategic payload to the U.S. The Vladivostok agreement had ignored it.

Another, more important factor, was the strategic development in the U.S.: The Cruise missile is a vastly sophisticated version of the German buzz bomb used in the Second World War. It challenges practically every assumption on which the strategic arms limitation talks have ever been based. It could be fired from air, land or water. It could be short or long range. Its warhead could be either conventional or nuclear. It is capable of remarkable accuracy. It is relatively cheap to produce and easy to conceal. What is more, the Americans have a considerable lead over the Russians in this technology.

The concealment point is crucial enough in itself. SALT 1 laid down that verification of the agreement should be by "national technical means" (that is, satellites). It was assumed that SALT 2 would do the same. But Cruise is small enough to defy such detection. Even if it were detected, it would not be certain whether it had a nuclear or a conventional warhead. Moreover, Cruise could be eventually acquired by *smaller* powers. It would be the natural way, for instance, of prolonging the life of the British and French independent deterrents. There are no treaty inhibitions on a consignment of Cruise missile system being acquired by West Germany. Even if the Americans abandoned Cruise forthwith, there would be no guarantees that their allies would follow suit. All that is in an area which SALT talks have never gone into.

Cruise has thus become the MIRV of SALT 2, only more so. If it were excluded, the agreement in terms of arms control would mean very little. The superpower competition would continue, and perhaps even intensify. On the other hand, efforts to bring in Cruise might prove so complicated and contentious that there would be no agreement at all.

For the future there are other problems which again challenge

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MEN AND MATTERS

Strictly inconvertible

Next time you go to Madeira m'dear keep your weather eye open for a Zarco. The Zarco is rather similar to a Snark of which Lewis Carroll had the following to say—

They sought it with thimbles, they sought it with care;
They pursued it with forks and hope;
They threatened its life with a railway share;
They charmed it with smiles and soap.

Except that the Zarco has a much stronger homing instinct and is more likely to approach the unwary visitor than wait to be hunted down in the above fashion.

To cut a long story short the Zarco is a new currency circulating on the pretty Portuguese island of Madeira. It is issued by FLAMA—the Front for the Liberation of the Archipelago of Madeira—as part of its campaign for total independence instead of the island's present autonomous status.

Legally the Zarco is worthless. Physically it looks like a cross between a photocopy of a dollar and the work of a very amateur forger. It bears the legend Bank of Madeira and Republic of Madeira, neither of which have a recognised existence except in the eyes of patriotic FLAMA supporters.

The Zarco comes in notes of 5, 10, 20 or 1,000 denomination and is often offered to unwary tourists as change in bars or restaurants for their Escudos, Pounds, Marks or Kronor. It is the ten Zarco note which is perhaps the most remarkable. It sports a photo of the late American author John Dos Passos, claimed as a Madeiran because he was born there. Like the other notes it sports the illegible signature of an imaginary President of the imaginary Bank of Madeira and that of the imaginary Minister of the imaginary Treasury.

FLAMA claim they issued the Zarco for fun—but most of the fun is being had by the islands' con-men, at the tourists' expense.

Yet somehow the currency idea is true to form as FLAMA is a rather jolly liberation movement as such things go and has adopted as its signature tune a cheerful melody called the Bailinho da Madeira which is now played — solemnly — in Funchal nightclubs. It is now usually immediately recognised by tourists who tend to clap their hands and dance to the music—before finding themselves being furiously shushed by weeping men, standing stiffly to attention.

Recently however things have been getting more serious with bombs planted at local radio stations and in the path of visiting Portuguese dignitaries as part of their campaign for a free port and a tax haven. Until that happens the Zarco remains strictly inconvertible.

High-flyer

The week-end announcement of a major round of changes and promotions at the Bank of England takes what one close Whitehall watcher described as "an archetypal high-flyer" away from the Treasury and along to Threadneedle Street. The man is 37 year-old David Walker who was offered and has accepted the post of Chief of the Economic Intelligence Department.

Such a switch from Treasury to Central Bank is not very common and it is rather significant that it was the Bank itself which approached Walker. It is partly a reflection of the fact that Walker, in his current position as Assistant Secretary in the Overseas Finance Division, has worked in close liaison with the Bank in such matters as reserves management, sterling balances, exchange rate policy and foreign exchange borrowing. He is in any case no stranger to the Bank, having spent six months there on secondment ten years ago prior to a two-year stint with the IMF in Washington between 1971 and 1973.

It is no secret that the Treasury and the Bank of England have on several occasions failed to see eye to eye over money supply and foreign exchange policy in recent years and the Treasury, while rather reluctant to lose one of their brightest young men, seem happy enough to see one of their own find a niche in the Bank.

One area where Treasury and Bank do agree however is in their opposition to indexation and Michael Thornton, the man Walker will succeed, has just reinforced his reputation for stubbornness over the clearing banks' request for application of the Sandilands inflation accounting proposals to their financial assets.

A special group was set up to investigate the clearing banks' case but last week it came up with a divided report. Four bankers were on one side proposing that financial assets should be treated in a similar way to real assets while Michael Thornton, by all accounts, was on the other side representing the Bank of England's opposition.

Sleep tight

The European Community's Agricultural Ministers' meetings in Brussels take place in an atmosphere far removed from the farm. But with the April 1 starting date for the Community's farm year looming there is now a sense of urgency about settling next year's agricultural price package and a professed determination to finish it all in one long weekend fling.

Britain's John Silkin, who presides over the Council until the end of June, has however let it be known that the Community's predilection for drama packed all-night sittings is not his idea of dealing with such weighty matters. He has made it quite clear that he considers 10.30 should be every sensible man's bed time.

On this basis last Friday's meeting could be considered a success as it broke up at nine. The meeting was a brief one however because Ministers unanimously turned down the Commission's package. Silkin then interviewed each of the nine delegations singly to try and work out a compromise acceptable to all. But when he came up with this compromise package on Saturday after nearly eight hours of interviews it was turned down once again by all the delegations, including the British—a feat only equalled by the Irish minister when he held the same chair. It was a result which led to whispers to the effect that the British Government was just not interested in a settlement which however interpreted would raise food prices, at least until after the Stechford by-election.

Salacious

Sign in the reading room at a Berkshire women's club: "In the interest of others, low conversation only, please."

Observer

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FINANCIAL TIMES SURVEY
Monday March 28 1977

Saudi Arabia

The second section of our two-part Survey covers the Kingdom's industrialisation, infrastructure development and manpower problems following the decision to slow down spending in an attempt to beat inflation.

Only towards the end of last year did the Saudi conversion towards a measure of fiscal restraint become clear. In effect, the Government concluded—not without differences within the Cabinet—that there were limits to the rate of inflation tolerable and also to the price payable for rapid development. As the recently published annual report of the Saudi Arabian Monetary Agency put it, the Government decided to regulate its outlays so as to slow down the rate of monetary expansion.

It also surprised the experienced observers of Saudi public finance by estimating expenditure in 1975-76 at SR77.49bn. ($21.82bn.)—almost double the amount in 1974-75 and almost as much as total disbursements during the First Plan period. Notwithstanding their fullsome assurances about the Kingdom's capacity to spend, the Government itself may have been surprised at the outcome.

From the beginning the Kingdom was aware that it would have to pay a high price in terms of project costs and inflation for rapid development because of the relative backwardness of its infrastructure, deficiencies in its administration and shortage of indigenous manpower. Only in its assumptions about the availability of finance is the programme not ambitious.

Expenditure will safely exceed the SR498.23bn. for the second Five-Year Development Plan. As an exercise in the absorption of revenue it is a unique and unprecedented challenge but it seems that only inflation can enable the Kingdom to achieve something like the projected disbursements. The Government has now in effect recognised that there are desirable limits to growth. In 1975-76 the 19 per cent. increase in non-petroleum Gross Domestic Product exceeded the official projections.

The Government could be forgiven for not proclaiming the decision to restrain spending given the commitment to maximum absorption of revenue, which had become something of a sacred cow. Pursuit of the ideal is probably necessary politically if the Government is to justify to itself and to the people a level of oil production beyond what is required to meet the State's financial requirements, quite apart from the external considerations involved. At the same time the nation's leadership, not the least the Crown Prince, insist that the second Five-Year Development Plan (1970-75) is not being revised.

Construction

Sheikh Hisham Nazer, Minister of Planning, is reluctant to concede that there is a re-ordering of priorities—despite the concentration on removal of infrastructure bottlenecks. Rather, he says, it is a question of rescheduling projects—a need already foreseen in the Second Plan.

"What will happen is that we will be faced with time lags and *so in practice there will have to* be an extension of time limits, not a rearrangement of priorities," he says. No projects have been axed. The execution of many of them was scheduled, both implicitly and explicitly, beyond 1980.

"The financial cost of the Plan is not the critical measure of its size" it is conceded on page 532 of the 577-page English-language text. There is acknowledged *the inevitable constraints* which would be encountered in increasing the workforce by 53 *per cent. in five years and in* achieving the 60 per cent. annual growth in construction activity reckoned necessary for implementation. It was calculated that construction would account for no less than half projected public expenditure and about 80 per cent. of fixed capital investment.

Saudi Arabia began its bid to achieve maximum sustainable growth without having assessed fully the physical and human constraints or having defined in advance priorities in relation to both manpower and construction problems. In both respects the exercise would have been a difficult one because of the problems in predicting the demand made on resources by the private sector which—with the deliberate encouragement of the State—has shown an amazing vigour.

In reaching for the ultimate in developmental terms not too much heed was paid initially to the difficulties ahead. Despite the most forthright recognition of actual and desirable limits to growth the Second Plan in its totality has retained its sanctity.

Yet clearly it is very much less than an integrated plan—more an amalgam of the various sector projects than the Government would care to admit—for which the Ministry of Planning's expensive foreign advisers must bear a large part of the responsibility. Most serious was the failure to appreciate the limitations imposed by port capacity and to anticipate the increase in the volume of imports. Last year they would have reached the level forecast for 1978.

Saudi planners were well aware that the construction of residential accommodation had not kept pace with demand during the first Plan period but did not appear to have foreseen fully the escalation in rents and the acute pangs resulting from the shortfall. Although money once seemed no object, appropriations for some sectors can only be said to have grossly under-estimated requirements, even after allowance for the exceptional inflation experienced in the first year of implementation and the high prices quoted by even the lowest foreign bidders for major contracts—which have been swollen by assessment of spiralling costs within the Kingdom.

Comparison between current and constant prices in the second Plan's projections indicated an assumption of 80 per cent. inflation over the 1970-75 period, or an annual average of 16 per cent. For consumers the rate over the past two years is generally reckoned to have been more like 40 to 50 per cent. and as much as 70 per cent. if rents are taken into account. This compares with the 35 per cent. recorded in the official cost-of-living index for 1975 which, based on a low standard, is out-of-date and being revised. Given the wide discrepancy in life-styles and expectations, it is hard to generalise.

From the earliest days of the second Plan's implementation official preoccupation with inflation has grown. The economic and social stresses resulting from it could not be ignored. Distribution of the resources pumped into the economy by increased State spending has not by any means been evenly spread. Despite the voracious demand for manpower of all kinds and the rapid rise in rates of earnings probably only a minority have been able to keep pace with inflation.

Public employees have been particularly hard hit, not the least because of the Government's policy of generally restraining pay increases as a means of combating inflation. The inevitable effect has been intense pressure on Saudis to leave the civil service and governmental agencies. Significantly, the Government last month doubled salaries of the Armed Forces.

Measures

To counter inflation the State has adopted an array of piecemeal measures. Subsidies on essential commodities have been stepped up. Rent controls have been imposed. With its capital now increased to *SR12bn.*, the Saudi Real Estate Development Fund has lent almost as much over the past two years in extending cheap credit for housing—a field where the private sector has responded with alacrity to the opportunities presented by the shortfall in supply.

Most important of all has been the onslaught on port congestion, which in itself was responsible for 39 per cent. increase in the cost of imported goods last year. So effective has the campaign been that surcharges at Jeddah and Dammam were last month eliminated. The Government has begun investigating the lush trade margins of merchants and the whole system of distribution.

Foreign contractors undertaking projects in the Kingdom have been obliged to import their own labour requirements and provide accommodation for them. Now the Government is to look into the role of agents in the bidding for projects.

In opposing demands by other members of the Organisation of Petroleum Exporting Countries (OPEC) for a substantial oil price increase and questioning their claims about inflation imported from industrialised countries, Saudi Arabia was laudably frank about the proportion accounted for by its own bottlenecks and shortages of manpower. Nevertheless, the outburst of official anger at "inflated bids" by foreign contractors should be seen within the context of the general preoccupation with inflation.

The Government is well aware of the allowance made for *inflation in these bids. On the* one hand the resentment stems from the feeling that they have ignored the *Government's* efforts to combat inflation and now take a too pessimistic view *about the future* rate. On the other hand there is the conviction that international companies have wrongly assumed that Saudi Arabia is willing to spend regardless of cost.

Saudi Arabia has now

CONTINUED ON NEXT PAGE

CONTENTS

Part I of this survey, which appeared last Monday, included articles on:

Despite the wealth bonus produced by the fourfold increase in oil prices a few years ago, Saudi Arabia finds itself having to grapple with inflation abroad and even more at home. This has led the country to modify its terms of reference, particularly in areas of high investment.

Development Plan

THE KINGDOM'S Second Five-Year Development Plan is—as it says—"far larger than has been possible for any other country of comparable population at an early stage of its development into a modern industrial society" to contemplate. The document itself could be seen as expressing aspirations towards unparalleled material progress in a short period of time which would only have been made possible by the complete lack of financial constraint in prospect.

In a contrast to the means are the needs of a a society which emerged only in this century from a social gloom enlightened only by its strong spiritual values, albeit of a sort hardly conducive to a drive towards the forefront of a 20th century society. Of its kind the Plan is refreshingly frank and free of illusions. In vision it looks beyond 1980 and the whole programme should be judged in this light. Even so, taking the *longer-term view, it is still* reasonable to question just how fast Saudi Arabia can develop into a modern industrial society.

The past year has only confirmed doubts about its ability to absorb revenue on the scale envisaged by the 2nd Plan or complete anything like the projects outlined. In itself the record of the far more rudimentary programme undertaken in the 1970-75 indicated the degree of the non-financial constraints. The public expenditure target of SR498bn. ($142bn.) for the 1975-80 period is nine times what was originally envisaged for the 1st Plan and six times the actual disbursements.

Over the previous five years recurring expenditure was *almost equal to appropriations* but the SR40.13bn. outlay on projects was only 72 per cent. of the development appropriations made. That compares with SR331.06bn. for the 2nd Plan. The Kingdom actually embarked upon the 1st Plan with concern about whether the financial resources would be available and expecting a budgetary deficit in its first year. These misgivings were laid to rest by the oil price increase negotiated early in 1971.

2nd. FIVE YEAR PLAN EXPENDITURES (1975-80) (SRm)

Water and Desalination	34,065
Agriculture	4,685
Electricity	6,240
Manufacturing and Minerals	45,058
Education	74,161
Health	17,302
Social Programmes and Youth Welfare	14,649
Roads, Ports and Railroads	21,283
Civil Aviation and SAUDIA	14,845
Telecommunications and Post	4,225
Municipalities	53,328
Housing	14,263
Holy Cities and the Hajj	5,000
	309,104
Other Development	9,312
Sub-total Development	318,416
Defence	78,157
General Administration	38,179
Fund	63,478
Sub-total Other	179,814
Total Plan	498,230

Thre threefold escalation in per barrel revenues made it pos*sible to step up expenditure, but* the gap between revenue and expenditure suddenly opened wide. During the 1st Plan's period of implementation the accumulated budgetary surplus amounted to SR97.8bn. ($27.60 bn.), of which two-thirds came in the year 1974-75 when Saudi Arabia probably achieved all the growth that it could with comfort.

Higher oil prices made virtual nonsense of Saudi Arabia's overall growth rates. Having increased from $4.9bn. to $11.3bn. over the 1970-3 period Gross Domestic Product was estimated to have rocketed to $42.2bn. by the summer of 1975, which would give a rise in per capita income from $910 to $6,812 in five years. In translating these figures into constant prices the Ministry of Planning took account of the fact that a normal deflation factor would have greatly minimised the contribution of oil.

Most of the oil is exported and therefore the increased value greatly increased the Kingdom's purchasing power. With a tailor-made adjustment to the country's own terms of trade, it was calculated that national income would have grown annually at the rate of about 44 per cent. in the five-year period.

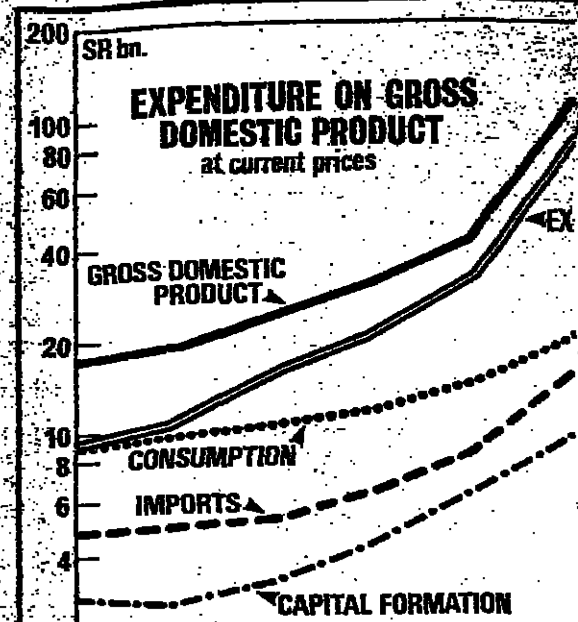
In the course of the First Five-Year Plan per barrel revenue for Arabian Light, the marker crude, went up from U.S. 91 cents to nearly $10 and output nearly doubled. As a result the petroleum sector's share of GDP rose from 53 per cent. to 75 per cent.

Growth

Even if its share of the total fell, non-petroleum GDP was reckoned to have grown by 13.3 per cent. Expansion was most rapid for construction, which raised its share of non-oil GDP from 16 to 25 per cent. From its very much smaller base there was an encouraging expansion of other manufacturing industry albeit from a small base. By the standards of most developing countries and normal expectations of future demand, the build-up of infrastructure could be considered healthy. The value of output attributed to transportation, communications and storage was reckoned to have doubled bringing their share of GDP up from 15 to 18 per cent. The performance of road construction over rugged and difficult terrain was considered particularly good.

As it embarked upon the 2nd Plan the Government erred on infrastructure — having underestimated both capacity and the pressures brought upon them by the scale of demand created *by both State and private expen*diture. Indeed they were such as to bring about a non-petroleum GDP growth estimated at 19 per cent. compared with the 13.3 per cent. aimed at the Plan. Having achieved such a rate in the 1970-75, period it seemed reasonable to aim for a similar one for the 2nd Plan period.

The 2nd Plan was presentationally unfortunate from the functional point of view in placing the development of infrastructure lowest in the order of seven goals expressing "the fundamental values and principles guiding the Kingdom's balanced development"—whatever its menial and subordinate role in the long term. The first, the maintenance of the religious and moral values of Islam, at least did not consume scarce human and material resources. The second one, the defence of and internal security of the Kingdom, did so to a degree which was not anticipated and no doubt will continue to do so. Third was placed the maintenance of growth by the development of economic resources, the maximising of earnings from oil over the long-term and preserving depletable assets. Fourth came the reduction of dependence on crude oil before, fifth, the *development of human* resources by training, education and the raising of standards of health and, sixth, the increase in the well-being of all groups within the society and the fostering of social stability in circumstance of rapid change.



Oil still accounts for 75 per cent. of GDP, 95 per cent. of revenue, and virtually all export earnings. The drive to increase the return on hydrocarbon resources and diversify the productive base of the country through industrialisation needs no explanation or justification. Saudi Arabia has a comparative advantage deriving from its gas, much of which is associated with oil production and at present going to waste. Fundamental to the programme is the immense distribution system being carried out by the Arabian American Oil Company.

For a number of reasons examined on the opposite page —not the least cost escalation— the scale of the project has been reduced and completion will certainly be delayed well into the next decade. Negotiations and studies, joint venture projects with foreign partners for export refineries, petrochemical complexes, and other heavy industrial plants have yet to result in implementation.

Apart from low-priced energy, the State's provision of cheap credit and provision of other facilities are also in favour of such developments. Against this must be set the high capital and labour costs as well as the climatic and other environmental factors. Diversification in this direction is not proving as simple

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accepted the principle of budgetary restraint for the first time since it was actually short of revenue back in 1970. State spending still accounts for the greater part of economic activity in the country, with up *to 50 per cent. of the total out*lay going directly or indirectly into the import of goods and services. The Government is apparently uncertain what the optimum levels of spending are, and has also yet to define with any precision the development priorities beyond the continued emphasis given to raising port capacity, improving road transport and—more problematically—eliminating administrative inefficiency.

Its determination can be seen in the award of two contracts for facilities designed solely for imports needed by the public sector's housing programme. The Government is also preventing accretions to project listed in the original Plan and is seeking to reduce the scale of some *included in it. Likely casualties* are such grandiose schemes as the sports complex at Riyadh.

Given the pressures of demand, there can be little or no scope for cutting back electricity, housing and urban development—three sectors where development has been rapid — or the programme for water desalination where there have been delays because of administrative difficulties.

A more obvious candidate for a slowdown would be industry, which is moving ahead rapidly, stimulated by the extraordinary enthusiasm shown by the merchant community in diversifying in this direction and also by the abundance of cheap capital available from the Saudi Industrial Development Fund. It would be very much against the Kingdom's free enterprise policy to check this momentum. Regardless of official wishes, however, the time-phase for the development of the Jubail and Yanbo industrial estates implementation of heavy industrial projects and construction of Aramco's gas distribution system (which makes little call on the country's non-financial resources) will stretch further into the 3rd Plan.

One unspoken reason for the hesitation in the development process may be second thoughts about the implications for manpower and population arising from Saudi Arabia's commitment to diversify as much as possible its productive base. The Second Plan projects the need to import 500,000 expatriates in the 1975-80 period. Sheikh Nazer now considers the figure to be too high—perhaps reflecting some official doubt about the desirability of so many immigrants.

Most of those who have entered the Kingdom have come to work on infrastructure projects and will sooner or later return to their countries of origin. Even if the influx has been a slightly disturbing one. As it is, 65 per cent. of the industrial work-force, which is now small but destined to grow, are foreigners.

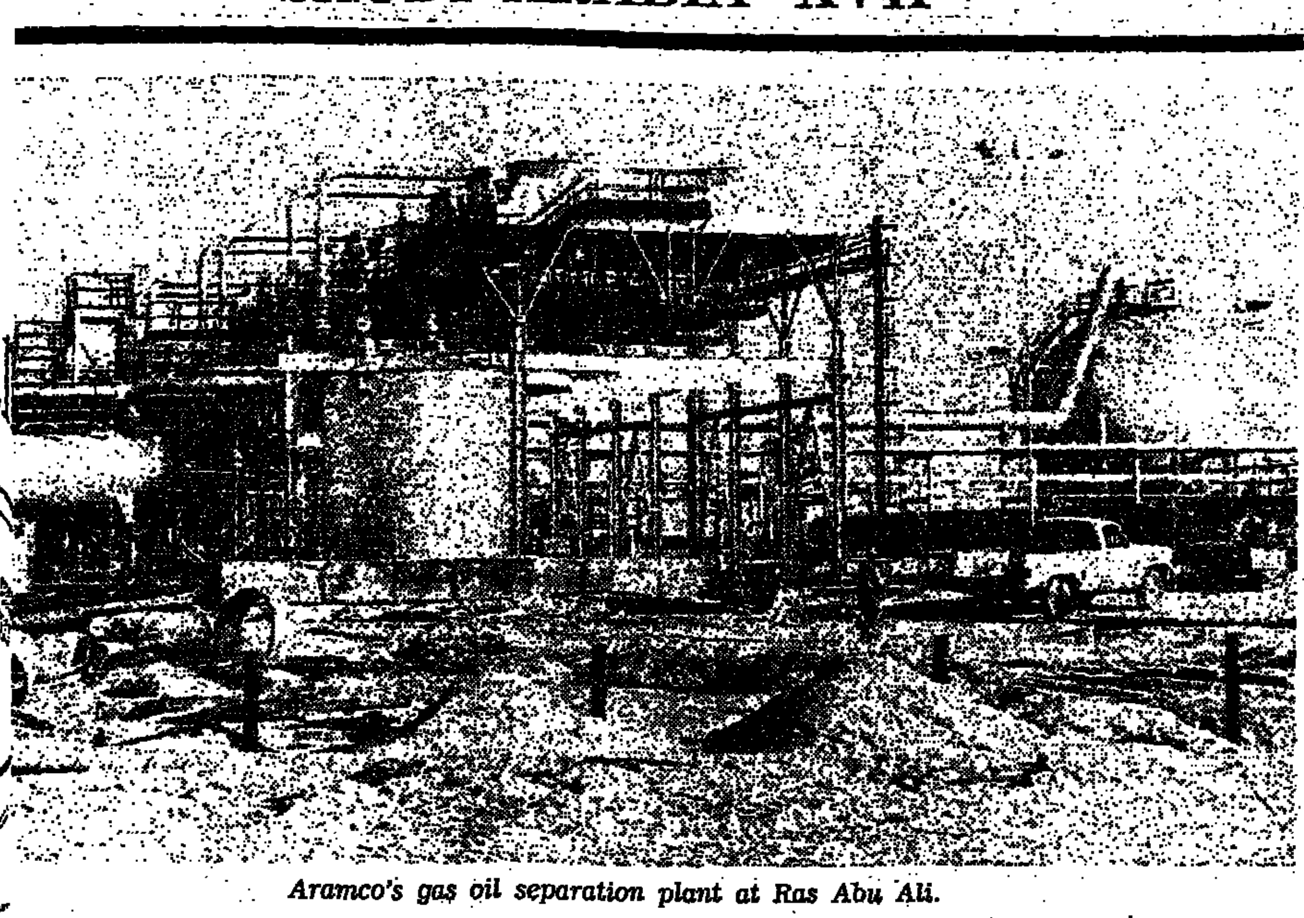
Officials meanwhile are either unable or unwilling to say how much foreign manpower has entered the Kingdom in the past two years, although the Ministry of the Interior must have some record. According to informed estimates, the number could be anything between 120,000 and 200,000. This is an understandable area of sensitivity for Saudi Arabia, which may have little more than 4m. citizens of its own who do not readily entertain the idea of industrial or other manual labour. The sociological constraints on development may in the long-term be as big as any.

PROJECTED GROWTH RATE OF GDP 1975-8
(SRm.; 1975 prices)

	Estimated 1975	Average annual growth ra
Private:		
Agriculture	1,469.0	4.0
Crude petroleum and natural gas	121,232.0	10.0*
Other mining and quarrying	175.3	15.0
Petroleum refining	7,494.7	5.0*
Other manufacturing	901.8	14.0
Electricity, gas, water, and sanitary services	333.3	15.0
Construction	4,362.0	15.0
Wholesale and retail trade, restaurants, and hotels	2,580.0	15.0
Transport, communications, and storage	3,637.8	15.0
Ownership of dwellings	1,636.7	6.0
Finance, insurance, real estate, and other business services	895.2	15.0
Community, social, and personal services	522.4	14.0
Less: imputed bank service charge	(63.0)	—
Total private	141,117.2	10.2
Government:		
Public Administration	1,391.4	10.0
Education	1,026.8	12.8
Health	256.5	15.0
Subtotal	2,174.7	12.1
Defence	1,025.4	15.0
Total government	3,600.1	12.9
GROSS DOMESTIC PRODUCT (excluding import duties)	148,717.3	10.2
Import duties	82.7	15.0
GDP	148,800.0	10.2
Summary:		
Private sector		
Oil	128,726.7	9.7
Non-oil	15,390.5	13.4
Government sector	3,600.1	12.9
Total Non-oil	19,990.6	13.3

* These rates are notional only (to fill in the GDP picture oil production policies are not part of the Developme but are determined by the Supreme Advisory Com Petroleum and Minerals.

Source: Central Planning Organisation.



Aramco's gas oil separation plant at Ras Abu Ali.

Saudi Arabia's immense project for gas collection will be the biggest industrial scheme in the world. But rising costs have led to an extension of the original timetable and the size of the project has been scaled down.

Gas collection

about the great Saudi as gathering project he character of the development plan more the embodiment ble aim—the harness- he Kingdom's associ- resources now being d their delivery to than a rock solid it to the construction art of a system which worked out in a de- ter plan. The whole the project, which ed with a directive to February, 1975, to ith the design, con- nd operation of a gas system, was worked urry. Even now there definite plan stating system will contain, ould cost, and when nt components should l.

vent the system will inspiring size. It will gest industrial project orld has ever known, ly exceeding in cost Alaska pipeline, which ost expensive single dustrial construction During the two peak ctivity it will be the tor pushing imports he Eastern Province 8,000 tons a day in projected 28,000 tons its operation it will generation of no less MW of electricity— ouble the designed f the Egyptian High

is already in Saudi gas gathering system erable size operated, the most part still Aramco. This system ses from the whole area of Aramco opera- e gas which comes off crude in the early separation (in other the higher pressure) above the oilfields e-injected, flared, used cally or piped to fuel li Cement Company Hofuf. The wet gases in the later stages of are piped to a col- ntre at Abqaiq and are arated into natural gas (NGL), which are o the fractionation and plant at Ras Tanura, thane plus ethane gas, used partly as a feed- the SAFCO fertiliser d partly as industrial such facilities as the ura refinery.

nated

gh no figures are pub- ficially, it is estimated 976 Aramco production al gas ran at some 4.4- bic feet a day, and it n that 950m. cfd, or per cent. of output, was oductively. Of this gas d was used by Aramco ; 330m. cfd was re- ; 240m. cfd was ex- as propane, butane or gasoline from the Ras fractionation and de- sation plant; 9m. cfd l to private industry— he Hofuf cement plant; n. cfd went to various nent projects — desali- fertiliser production, ural projects, etc. In a day terms, the NGL came to about 200,000 om a plant with a capa- 300,000 b/d, already ent to 40 per cent. of the of the non-Communist outside North America. resent this Aramco sys- undergoing a 60,000 b/d on, due for completion his year, which involves struction of a new NGL ing and conditioning at Berri. This is designed eeten the gas and to te it into three streams— NGL which will be pumped to Ras Tanura, ethane which will go to be used as feedstock in the nearby Jubail industrial centre, and a high quality residual gas to be used as an industrial fuel.

The original Saudi idea of early 1975 was to build alongside the Aramco system four or five new NGL processing and conditioning centres at Uthmaniyah and Shedgum on the Ghawar field, Safaniyah, Khurais and possibly Abqaiq, all of which (bar Khurais) were to be designed to sweeten the gas and produce two gas streams—one a residual pipeline gas (to be used for generating electricity, desalination, fertiliser production, Aramco's own processing and production operations, iron ore reduction and fuel for all other industrial purposes), and the other an NGL plus ethane stream which would be pumped to a fractionation plant at Ju'aymah. (The exception to this pattern, the Khurais centre, was not to be connected to the residual gas grid, because it was foreseen that the relatively small amounts of methane produced from the field would be needed to generate power locally.)

Exported

From Ju'aymah the propane, butane and natural gasoline would be exported, while the ethane would be pumped to Jubail to be used as a petrochemicals feedstock. Later, in 1976, it was decided that an additional NGL plus ethane pipeline would be built across the peninsula to another fractionation centre at Yenbo, where, again, the NGLs would be exported and the ethane used as feedstock.

Taking into account the 360,000 b/d of capacity in place or about to be installed in the existing Aramco network, the total capacities envisaged for the Saudi gas system under these plans were: 5.5/6bn. cfd of associated gas input (implying an oil production of 12m.b/d), producing roughly 2.5bn. cfd of residual gas for industrial fuel, 400 b/d of ethane, 960,000 b/d of NGL, and 6,000 tons a day of sulphur—with the considerable volume of gas remaining being used for operational purposes and for the running of the system itself.

The total cost of the system was estimated in 1975 to be $5bn., and it was envisaged that the contractors — principally Fluor, Ralph M. Parsons, Bechtel and Hudson-McDermott —would have finished the Shedgum processing centre and the Ju'aymah fractionation plant by the end of 1979.

At present work is going ahead at Shedgum, Uthmaniyah and Ju'aymah, where the site preparation is now half complete and construction work has been started, while the detailed design of the system as a whole is some 25 or 30 per cent. complete. But already the entire project has been subject to re-appraisal. Last summer a task force was set up to review the scale and the order of implementation of the scheme, and although its recommendations have not been published, it is assumed that it has already made its report.

Broadly speaking the Government was worried on three counts. First it was felt that during the earlier 1980s at least oil production would be unlikely to run at an average of more than 10m. b/d at the most, and that even if it did reach 12m. b/d there would not be enough of a margin in this average volume of output to allow for the gas system still to be operated at capacity during months in which production fell below the average. As originally conceived the system was also dependent on the "right" fields producing in the "right" proportions—in other words those fields with a high gas content had to contribute a consistent share of total Saudi oil output. Apart from reducing the capacity of the system, the only ways to get round this problem would have been either to produce cap gas when oil output dropped below a certain point or to have brought on stream fields of unassociated gas. Neither of these solutions would have been satisfactory—the first because it would have meant reducing pressure in the reservoirs, and the second because unassociated gas would be unlikely to contain anything like appropriate quantities of ethane and NGL and might also be inappropriate for use as a methane feedstock for fertiliser production.

Second, there were growing doubts as to the ability of the world markets to absorb all the NGL produced—the total production of ethane plus NGL from the new scheme being potentially equal to a third of total non-Communist world output (including existing Aramco production) in 1976, or about one and a third times the 1976 production of the non-Communist world outside North America.

Third, the cost of the scheme by the summer of 1976 had rocketed above the original estimates of $5bn.—though apart from the effects of inflation and the possibility of making increasingly accurate estimates of cost as design work progressed, there had admittedly been a considerable increase in the scope of the work as a result of the addition to the plans in early 1976 of the Yenbo fractionation plant and the pipeline across the peninsula. By the end of the year estimates had reached $10bn.

Schedule

As one response to the spiral in costs the Government is allowing the schedule for the completion of the project to slip. Instead of being completed in 1979, it is now aimed to have the Shedgum and Ju'aymah installations finished by the end of 1981, while no specific dates have been set for the completion of the rest of the system. The official word is that the building of the remaining facilities will be staggered through to the mid-1980s. This easing of the schedule is saving money by allowing a more methodical progression and a more efficient use of manpower.

At the same time, although there has been no official announcement, it seems that the Government now envisages that the eventual capacity of the system will be geared to the gas associated with an oil production rate of not more than 10m.b/d—in which case production of NGL may be cut back from 600,000 b/d to 400,000 b/d, and production of ethane from 400,000 b/d to 200,000 b/d. The cut in ethane capacity will involve a particularly big saving, because the extra costs involved in producing 400,000 b/d rather than 200,000 b/d were wholly disproportionate to the volume of extra production—and it seems in fact that this element in the re-arrangement will go ahead regardless of whether the system as a whole is reduced to cater for oil production of 10m.b/d or not. It is, however, unwise to attach too much significance to detailed reports of changes in the capacity figures, because at different times over the past two years there have been considerable fluctuations in estimates of the total volumes of gas and gas liquids that the system will make available after supplying its own fuel requirements, and of what mix of products will come out of the system.

In practical terms the reduction in planned capacities has meant that the idea of building further installations at Abqaiq (never a very definite scheme) has been abandoned, or at least scaled down to the point where any work on that site will involve no more than the minor expansion of the existing facilities, while it seems probable that the Khurais processing centre is likewise about to be scrapped.

Savings

Neither the re-scheduling nor the scaling down of the system have had any specific cost savings attached to them—there have not after all been any official announcements of these changes—but were the system still envisaged as it was at the beginning of last year it seems probable that its cost would now be estimated at well over $20bn. As it is the latest cost estimate mentioned by Dr. Abdel-Hady Taher, the Governor of Petromin, is $16bn., a figure which still officially includes Khurais, it is assumed.

Even with a scaled down system catering for oil production of 10m.b/d as well as storage for a large amount of ethane feedstock, the Government is going to have to incorporate a considerable safety margin into its plans for industrial projects which will use methane as a fuel or, in the case of any further fertiliser plants, a feedstock, because oil production will not of course run at 10m.b/d consistently month after month. The only way in which the Government will be able to avoid planning to use less than the average supply of gas than it will receive, will be for it to find and develop fields of unassociated gas of appropriate quality and composition, such as have been found recently in Iran and Qatar.

At present Saudi Arabia's gas reserves, estimated by Aramco at 63 trillion cubic feet proven and by the Government at 88 trillion cubic feet proven, are composed almost exclusively of associated gas (in this case mainly dissolved in the crude rather than in big gas caps above it) and only two deposits of unassociated gas have been properly appraised. These are the Kidan field in a Jurassic formation beneath the Rub al Khali and a very small deposit in Khuff limestone of the Permian era underneath Dhahran. The first of these deposits is of course not producing, but the second is producing gas for domestic consumption through two wells.

Aramco is at present employing one rig full time on deep drilling, and it has so far struck gas in five out of five wells drilled into Khuff structures in the Rub al Khali (the least interesting of the finds), south Ghawar, north Ghawar, Qatif and Dammam. The next well is to be drilled through to the Khuff beneath the Berri field.

Even on the basis of the limited drilling carried out so far it seems certain that all the finds represent commercial fields, and it is anticipated that from south Ghawar to Qatif at least, wherever there is a structure there will be gas—the Khuff in this area appearing to be totally gas saturated. It is not yet known, though, exactly what composition and qualities any gas produced will have, and as yet no plans have been made for its use.

Michael Field

Progress towards implementation of the big hydrocarbon projects planned by the State has been slow. In the private sector light industry has moved ahead fast although there is concern about labour supply and the ability to compete successfully with imported products.

Heavy industry wa

IT IS now rather over three years since the oil price explosion took place, and in Saudi Arabia there is still only one new capital intensive, hydrocarbon based or hydrocarbon fuelled, process plant export industry under construction or even subject to a firm contract; this is the Juaymah natural gas liquids fractionation plant. The gas gathering scheme, of which this project is a part and which is described elsewhere in this Survey, is itself being scaled down at present for reasons of cost escalation which are very much at the heart of the qualms being experienced by companies now considering investing in Saudi Arabia in such projects as petrochemical plants.

The whole process plant export industry sector, apart from refining and NGL exports, now comes under the Saudi Basic Industries Corporation (SABIC) which was set up soon after the Ministry of Industry and Electricity took over responsibility for these industries from Petromin at the beginning of the Plan.

History

At present SABIC is responsible for only one company which is actually operating—the Saudi Arabian Fertiliser Company (SAFCO), in which SABIC owns 51 per cent. of the shares and the Saudi public the rest. SAFCO has not had a happy history. It is designed to produce 1,100 tonnes a day of urea from 600 tonnes a day of ammonia, but so far its urea production has not exceeded 600 tonnes/day, a figure which it attained in 1975, and during the plant's first three years of operation, 1970-72, it never ran at more than 250 tonnes/day. Given that for most of its history market prices for fertilisers have also been poor, it is only in two years, 1974 and 1975, that a profit has been recorded so far. The accounts for 1976, when production ran at 490 tonnes/day, are still in the hands of the auditors.

Under a contract of 1964 SAFCO entered into an agreement with Occidental Petroleum for the construction and part of the operation of its plant as well as the sale by one of the U.S. independent's subsidiaries of all fertiliser output not needed for internal consumption. As the production figures suggest there were serious difficulties on the operational side, with the problems centring on the brackish water used in the cooling system which caused severe corrosion—this now being recognised as a standard potential hazard in Arabian Peninsula process plants. Since 1973, when there were major changes in the Occidental management as well as the installation of a distillation unit, matters have improved. It is hoped that during this summer the remaining serious problems affecting the production line process will be solved.

Nevertheless, the plant's technical problems underlie the current litigation in which SAFCO and Occidental are involved—Occidental demanding its share of profits from the sales of 1974, and SAFCO counterclaiming for a much bigger sum in respect of loss of profits due to the failure of the plant to attain its projected output. Meanwhile SAFCO's problems have reinforced the Saudis' determination to undertake whatever further heavy industrial projects they decide on in 50-50 joint ventures with the foreign company supplying the technology, technical management and marketing expertise, so that their partners have as big a stake as possible in the project's success.

Since 1973 the Saudi Government has considered building two more fertiliser plants, but because the market outlook seems poor, with big expansion of capacity now underway in Japan, China and Eastern Europe, these schemes have for the time being been shelved. The same fate has befallen a scheme for a plant to produce, in conjunction with British Petroleum, protein from oil, which the Saudis decided represented too big a risk until the product has been thoroughly tested commercially elsewhere.

So, apart from an aluminium smelter project which is at the feasibility study stage, Saudi Arabia's current plans for diversification into heavy industry are focused on three areas—steel, refining and petrochemicals.

Completed

At present there is a steel mill with a capacity of 1m. tons a year planned for the industrial centre now being built at Jubail. Feasibility studies have been completed, SABIC is now negotiating with several possible partners, and a contract is expected (officially) to be signed in six months' time. The plan is that the plant should use the direct reduction process, exploiting to the full Saudi Arabia's vast reserves of cheap gas, and produce sponge iron. In the early years, at least, iron ore will be imported—possible sources being Australia, Brazil, Morocco and India—but later the plant may use Saudi ore. There is a survey under way of the Kingdom's ore reserves, and in about 18 months' time SABIC should have some idea of the volume and qualities of ore that are available locally.

The sponge iron output of the Jubail plant may eventually be exported in part, but initially it will be supplied to various private-sector steel mills, which are now at the advanced planning stage or at the site preparation stage, and will eventually supplement the work of the existing Jeddah cold rolling mill in producing simple steel products. (The Jeddah cold rolling mill has been operational for several years, and remains the direct responsibility of the Ministry of Industry rather than of SABIC.)

The private sector plants, which involve such entrepreneurs as the Alireza family of Kuwait, the Ankari family and Ghaith Pharaon's company REDEC, are all joint ventures with foreign steel companies, including Sumitomo and the Canadian company Costeel. Products planned are steel billets, iron sheets, reinforcing bars and line pipe, and until the SABIC plant comes on stream they will run off imported sponge iron and scrap.

In oil refining, which like the NGL plants is still under the control of Petromin, the main activity to date has involved the signature of definite contracts for the expansion of the Jeddah refinery from 40,000 b/d to 210,000 b/d and the expansion of Riyadh from 15,000 b/d to 115,000 b/d. Contractors are Chiyoda Chemical Engineering and Construction and Mitsubishi, and the value of their contract is estimated at some $1bn.—though this is only an approximate figure because the contract is on a cost plus fee basis. The process licensing, project management and engineering design is covered under a separate $40m. contract signed with Universal Oil Products of the U.S.

The Jeddah and Riyadh refineries are both internally orientated, and for export refining Petromin has been negotiating on quite separate and entirely new projects which will supplement the output of the 415,000 b/d export-orientated Ras Tanura refinery, which is still officially owned entirely by Aramco. The two foreign companies currently involved have been Shell and Mobil, the latter being already a shareholder in Petrolube, a small plant producing lubricants in Jeddah, and also being involved at present in planning a bigger lube oil blending plant with Petromin. The proposed Shell International refinery, to be built at Jubail, is now at the design engineering stage, while plans for the Mobil plant, which would be built at Yenbo, are at a somewhat earlier stage of development.

Shell and Mobil are also the two companies most deeply involved in projected petrochemical plants—for which they have entered 50-50 joint ventures with SABIC. Both companies are now committed to design engineering work on their projects—Shell's at Jubail and Mobil's at Yenbo—although neither is yet actually committed to building the plants. At a somewhat earlier design stage there is a third petrochemical plant, planned for Jubail, in which Dow Chemical is involved, while Exxon has just signed a $7.9m. design engineering contract for a fourth plant (to produce ethylene and turn this into different grades of low density polyethylene at Jubail). Negotiations are going on with several companies for a fifth plant, which will produce methanol for the manufacture of glues and construction industry products. At one time Mitsubishi was quite deeply involved in a scheme for an ethylene-based plant, but last summer it dropped out on grounds of escalating cost.

If they go ahead, the Mobil plant will produce low density polyetheylene (from which certain types of plastics goods are moulded), styrene (used to make polystyrene for artificial fibres) and glycol for anti-freeze; the Shell plant will produce ethylene dichloride (a raw material for the plastics industry), caustic soda and styrene; and the Dow plant will produce low density polyethylene and glycol. In all cases the foreign companies would undertake the management of the plants and the marketing of their products. Finance would come from the two partners putting up equal shares of the equity, possibly amounting to some 30 per cent. of requirements, with the remaining funds being lent mainly by the Public Investment Fund, established to lend to State corporations, and partly by the commercial banks. So far the cost of design engineering has, of course, been borne entirely by the two partners.

Hesitation

The obvious hesitation being shown by the foreign companies before plunging into any of these big energy and capital-intensive export-orientated process industries—steel, refining and petrochemicals—stems from a whole number of considerations, which can, perhaps, be summed up as being doubts over reversing the course of industrial history. As one of the executives involved put it recently, investing in Saudi Arabia contains all the problems involved in investing in a U.K. development area but "magnified a hundred times"

On the plus side the companies can anticipate cheap loans, good credit terms for their subsidiaries doing the selling, nominal land rents in the two new heavy industrial centres, a five year tax holiday (now on the point of being extended to ten years), cut-price electricity and water, and, above all, cheap gas as fuel or feedstock.

On the minus side are all the now familiar considerations of 20 to 40 per cent. higher capital costs, higher labour costs (with savings in social security contributions and in salaries at certain levels being offset by the need to pay for bigger fringe benefits and a bigger labour force), the lack of a skilled local labour force with any significant experience, the greater possibility of breakdowns inherent in the severe environment of the Arabian Peninsula, the need to operate additional special processes such as the refrigeration of coolants, and the difficulties of repairing breakdowns quickly in a non-technology society where

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Manufacturing

PRIVATE entrepreneurs in the Arabian Peninsula oil producers have traditionally been shy of industry. In part they have been influenced by what might be described as emotional considerations—industry has seemed dirty and undignified as compared with trade. In part they have been afraid of the heavy capital commitment and the complex management involved. And in Saudi Arabia's case they have been daunted by the sheer size of the country, which can make the distribution of locally manufactured industrial products at prices competitive with imports a difficult and uncertain business.

In the past two years, however, Saudi investors have overcome these qualms to a degree which is truly amazing, considering the attitudes of the early 1970s. Industry in fact has become something of a fashion for the leading entrepreneurs, despite returns on capital being modest by the standards of real estate investment.

For its part the Government has some anxieties over the amount of legal and illegal imported labour that industrialisation outside the heavy process plant sector will involve. It is estimated officially that only about 35 per cent. of the present industrial workforce is composed of Saudi nationals. According to a recent statement by the Minister of Industry, the proportion of Saudis should rise over the next ten years. This is because at present many youths who would formerly have finished their education in their early teens and would have gone to swell the ranks of the Kingdom's tea boys and doormen, or have received some elementary training in mechanics from Aramco or small private businesses, are undergoing further education or vocational training and will in a year or two enter the industrial labour market. Whether these people will really raise the proportion of Saudis in industry will depend very much on what sort of industries are built in the Kingdom. In this respect the Government has not given any clear guidelines as to the acceptable degree of labour intensiveness — preferring to guide the private sector partly through suggesting to it via the Industrial Studies and Development Centre what industries would be most appropriate for Saudi Arabia and partly through adopting an ad hoc approach to licensing and the granting of cheap loans by the Saudi Industrial Development Fund.

Encourage

The Government has done a great deal to encourage private investment in industry. Most important, it decided very soon after the oil price rises to establish the Saudi Industrial Development Fund, which began operations in October, 1974 and by the end of February this year had approved 175 loans worth over $400m., bearing interest rates of 2 per cent. From a separate allocation given to it over and above its capital the Fund had also approved loans of some $700m. to electrical utilities companies.

Backing up the SIDF is the Industrial Studies and Development Centre, which has been established to provide guidelines for the development of the non-hydrocarbon based industrial sector as a whole and to undertake feasibility studies for particular industries. In the first context the Centre produced the list of 150 suitable industries which was incorporated in the Plan—and has since seen a lot of the projects involved in its recommendations licensed by the Ministry of Industry, and a good number of these projects starting to be implemented. The feasibility studies for the development of individual industries which the Centre produces are distributed to potential investors, and seem to have been acted upon.

In this second respect the Centre's work is quite similar to that of Aramco's Local Industrial Development Centre, which was established in the late 1940s and which over the years has had an enormous influence on the development of industry, trading and contracting in the Eastern Province. Virtually every businessman of note in the area has at some stage been assisted by Aramco, or has at least received a basic training with the company. Apart from the home ownership, community development, agricultural assistance and technical assistance operations, the LIDC's traditional work has involved what is referred to in Aramco as divestiture—the "spinning-off" of operations such as ice-cream manufacture, which if they were not done by local businessmen would have to be undertaken (or once were undertaken) by Aramco itself.

Further promotion of industry, returning to Government rather than oil company-sponsored schemes, is coming through the establishment of industrial zones. The existing industrial estates at Jeddah, Riyadh and Dammam are being enormously expanded, while new and smaller estates are planned for Buraidah and Mecca. In each of these areas the Government is laying on electricity, water, sewerage and roads. Paying only nominal land rents, the companies will receive water and electricity at subsidised rates. Because of these advantages, plus the difficulties of getting electrical and water connections elsewhere, it is reckoned that the bulk of Saudi Arabia's light and medium industry will be located in these five centres. A large proportion of the industry elsewhere will be established in the Yenbo or Jubail industrial cities as spin-offs from the big process plant industries being initiated by the Government in these centres.

Apart from the hidden subsidies involved in the provision of cheap land, water and power, any industry which will cater for a significant proportion of the Kingdom's demand for the product it manufactures — and turns out good-quality products — may receive tariff protection up to 20 per cent. The normal Saudi import tariff is 3 per cent., though materials and equipment for industry, as well as foodstuffs, are exempted, and in practice almost everything which receives protection above the norm gets the full 20 per cent. rather than any intermediate figure.

Both the facilities of the industrial estates and the tariff protection are available to foreign companies in joint ventures with Saudi concerns—though ventures are not eligible for a cheap SIDF loan (which normally provides 50 per cent. of capital requirements, or 100 per cent. of the value of a company's fixed assets if this is a lower figure) if the foreign partner has more than 75 per cent. of the equity. At present foreign investors, who may if they wish enter the country entirely on their own, without a Saudi partner, benefit from a five year tax holiday (now on the point of being extended to ten years) after which tax on profits is levied at rates varying from 25 to 45 per cent. depending on the sums involved.

Materials

Much the biggest industrial activity, judging from the numbers of applications for loans received by the SIDF, has been in building materials industries, for which there had been 192 applications by the end of January this year, and metal products, with 69 applications. The next most popular manufacturing business was food processing and beverages with 26 applications. Planned cement block and tile plants are now more than sufficient to cover the Kingdom's requirements by 1980, and the Ministry of Industry has accordingly stopped issuing licences for further plants.

To outsiders the economics of many of the light industrial plants (and of some of the medium industrial plants) appear to be somewhat shaky. In many cases investors have gone for gearings of 75 or even 80 per cent., borrowing 25 or 30 per cent. of their capital requirements from the commercial banks. It is true that with part of their capital being provided by the SIDF at an interest rate of only 2 per cent., the high gearing does not impose such a strain on the companies as it would on companies in the west, but for projects which are in many cases virtually venture capital undertakings, many of them requiring tariff protection, gearings of 80 per cent. still seem ve y high. With inflation still running at a high level and not all of the bottlenecks in the economy yet overcome, it is virtually impossible to predict running costs —and as suggested in the heavy industry article in this survey there is no chance in Saudi Arabia of a high rate of inflation leading to the depreciation of the currency and the restoration of the internal and external competitiveness of industries, as would happen in western economies.

It is expected therefore that a good many of the new companies will go bankrupt, especially as some of the foreign partners, having equity stakes of only 10 or 12 per cent., may not be too afraid to cut their losses and abandon their project, if and when things go wrong. It is also worth noting that the SIDF, being permitted to make loans of no more than 50 per cent. of capital requirements, will not be able to step in and bale out troubled companies.

On the other hand, it ought to be remembered that many of the investors in small industrial projects are medium-sized merchants running classic Middle

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هكذا من الأصل

Saudi Arabia wants to keep oil price rises in perspective.

Why?

For some time now, the cornerstone of Saudi Arabian international policy has been the use of oil as a base for the economic development of our country. Any government whose income is largely derived from a depletable natural resource has little option but to follow such a course.

Undoubtedly, the size of our oil reserves and our production capacity has helped generate an equally generous income, which is being used to fund an ambitious Five Year Development Plan.

So why then is Saudi Arabia anxious to keep any further rises in the price of oil to what might be regarded a more reasonable level?

The answer lies in the fact that any development programme is dependent on more than just hard cash to succeed. It needs technology, expertise, sophisticated equipment and international co-operation – and in Saudi Arabia's case, this means looking to the industrialised nations to provide much of this input.

But this pre-supposes that the Western economies are in a buoyant state – whereas in reality they are still suffering from the effects of economic recession. Therefore, any inordinate increase in oil prices will have an adverse effect on their recovery, damaging the equitable balance which Saudi Arabia regards as essential between oil producers and oil consumers.

On a more practical basis, any rise in oil prices directly fuels inflation in the consuming countries – and this inflation is then exported back to Saudi Arabia in the form of higher prices for the goods, technology and services we buy from the West.

And these are imports which we are going to require for a long time yet. Our plans for the expansion of our transport and telecommunications networks are a good example of why.

For instance, our road system must keep pace with the country's growth in order to cope with the influx of goods and expanding external trade, and to link the influx of goods and expanding external trade, and to link the main areas of development. Over the period of the Five Year Plan, it is intended to increase the Kingdom's network of surfaced roads from its present 11,000 kilometres to over 24,000 kilometres, with an additional 10,250 kilometres of earth surface rural roads.

Expansion of Saudi port capacity is also a must. Imports are expected to increase in volume to 13 million tons per annum by 1980, compared with only 3 million tons in 1974. This means enlargement of the Jeddah and Damman ports, with specialised industrial ports being constructed at Jubail and Yambu.

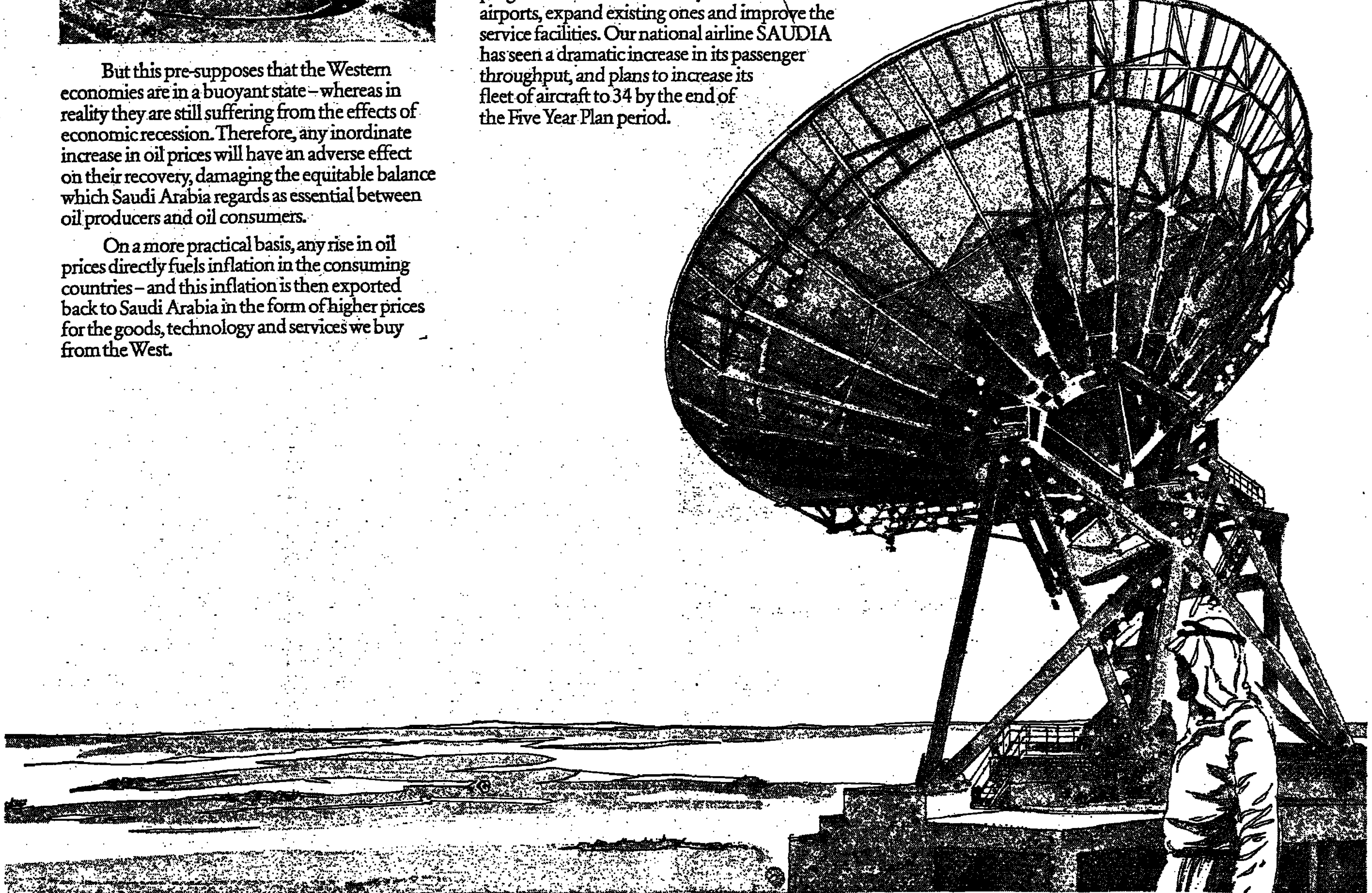
A country of 870,000 square miles must rely to a great extent on air transport for fast mobility. At present we have 20 airports in service, with three of them being international (Jeddah, Riyadh and Dhahran). A massive programme is now under way to construct new airports, expand existing ones and improve the service facilities. Our national airline SAUDIA has seen a dramatic increase in its passenger throughput, and plans to increase its fleet of aircraft to 34 by the end of the Five Year Plan period.

Perhaps the most impressive evidence of the effects of Saudi economic expansion is the growth in the spread and sophistication of our telecommunications services. From having 93,600 automatic exchange telephone lines in 1975, it is planned to have increased these to an installed capacity of 666,000 lines by 1980, of which 490,000 will be in use. Telex lines are also growing at a substantial rate.

In addition, our long-distance communications will also be strengthened with two Earth stations at Riyadh and Taif.

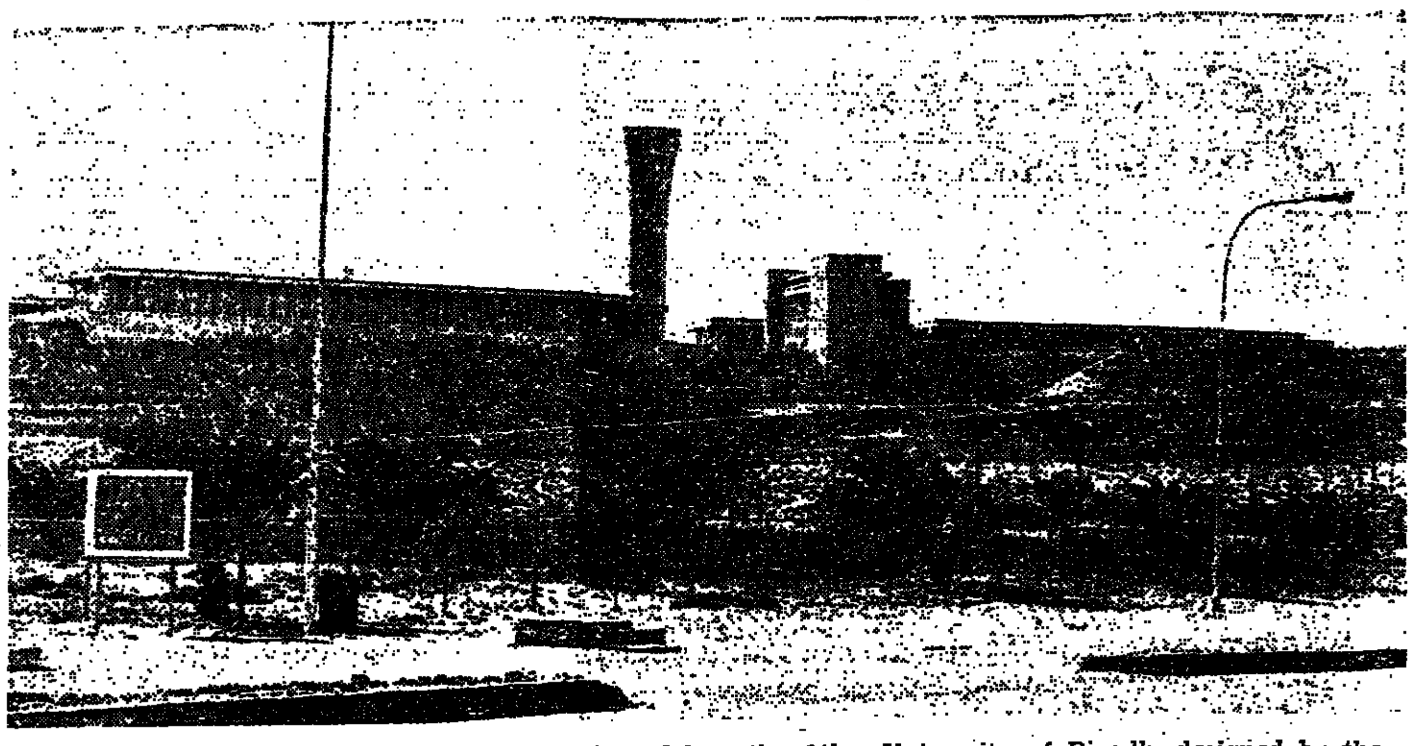
This is just one example of how Saudi Arabia is expanding to meet the needs of future generations. We have our own clearly-defined economic goals; the oil-consuming nations have theirs. And while we consider some increase in oil prices to be both fair and reasonable, we shall continue to strive to ensure that such decisions do not have a detrimental effect on the international economic system as a whole.

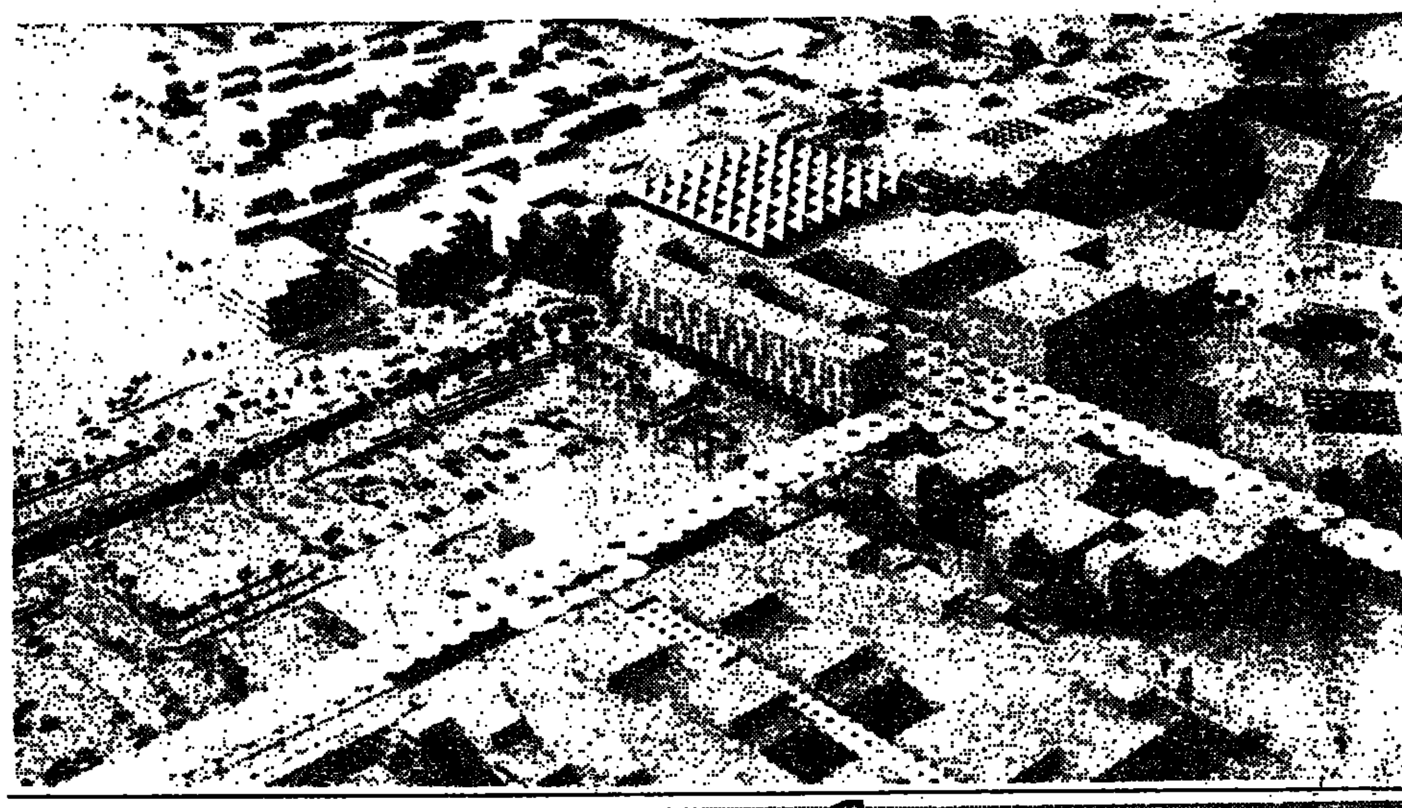
In short, your development is our development. It is in all our interests to see that we progress together.



The Saudi development plan includes large scale expenditure on national education—but it is no easy task. The changes that may be brought about by mass education when it is fully implemented, may cause dramatic changes in the fabric of traditional Saudi culture and values.

Education





Top: The University of Dhahran. Below: A model of the £1bn. University of Riyadh, designed by the HOK+4 design consortium.

A GROUP of small boys sit in the shade of a wild bush chanting portions of the Koran in a sing-song voice. An old man of the village sits with them, guiding them and making corrections. Over a period of years, until adolescence, the boys will memorise large portions of the Holy Book in this style, will learn the rudiments of Arabic script and acquire sufficient basic arithmetic skills to allow them to function as nomadic herdsmen or as small shopkeepers. Girls will not be taught to be "literate"; their mothers will teach them the duties of the home and the rearing of children.

This has been the system of education in Saudi Arabia (and in large portions of the rest of the globe) for centuries. It has met the needs of a largely bedouin population. Further development of the system was discouraged and, in many quarters, even considered to be undesirable: children with more education than their elders may cause great social strain, particularly in a very traditional conformist nomadic society. While learned men have certainly been admired in traditional Saudi culture, formal educational attainment has not generally been viewed as a path towards social advancement. There has largely been no social ladder to climb: all are equal in the eyes of Allah and if one knows the Koran and other religious rulings many believe there is little more worth learning.

Change did not begin to occur until as late as the mid-1950s. Different regions of the Kingdom were by then being governed by an increasingly centralised administration. Additional contact with the outside world brought the realisation that traditional educational methods would no longer suffice. Most importantly, the development of the Kingdom's oil reserves was beginning to be exploited, making available both the need for trained manpower, and the resources to begin fulfilling the need. It was also recognised that formal education offered some enticement for bedouin to settle in one place so that their children could attend school, a politically desirable development from the Government's point of view.

Allocation

About 10 per cent. of the Government's budget has been devoted to education for the past 18 years, and the present annual allocation is close to a staggering $US4bn. This conforms closely to the Saudi Five-Year Plan, which allocates $US21.4bn. to education during the period 1975-80, 14 per cent. of the total Plan's resources.

No matter how much money is made available, the process of education on a mass scale takes time and the Kingdom started at a very low level. The size of the task ahead is indicated by the fact that despite the enormous effort of recent years one-third of the boys and two-thirds of the girls have yet to be enrolled at even the primary school level.

By far the easiest task of the whole process is to construct classrooms; the Kingdom has the money and has proceeded with this "easy" part as fast as possible, utilising prefabricated and other construction methods that contractors promise will permit rapid building. The Five-Year Plan calls for the construction of 23,812 classrooms, averaging 90 to 100 each *week* of the Plan. Given all the bottlenecks and other construction requirements of the society, this cannot be done. Nor perhaps should it be; simply to maintain such building presents a major difficulty. Where, after all, does one find the electricians, air-conditioning repairmen, plumbers, painters and sweepers to keep these facilities in shape? The manpower shortage is so severe and these particular types of skills so lacking that it is common to see a new building turn into a near slum within two or three years. Also, all supplies and every piece of equipment, from blackboard chalk to the latest audio-visual television colour cassette recorder, must come from thousands of miles away, requiring a logistic and financial capability that the present heavily centralised administrative system does not possess.

More important than physical facilities, and much more difficult to obtain, is teaching staff. Despite the high priority the Kingdom places on teacher-training, the demand far outstrips supply. Over half the primary teachers (rising to 85 per cent. of the secondary school teachers) are imported—mostly Egyptians and Palestinians. The Kingdom is uncomfortable about this as they feel non-Saudis often do not fully appreciate the religious and cultural conservatism of their society. The Government considers it has no choice, however, and even with such high numbers of foreign teachers, classes are overcrowded. Additionally, teachers are part of the Civil Service, and young Saudis already in the profession are attempting to get out; much more money is to be made in the private sector and teachers can be assigned to remote areas. Teachers also, of course, require housing — a fact that school planners continually seem to forget and which is a source of much discontent.

A large proportion of present teachers need additional training; teaching methods depend largely on rote learning of the most conservative kind. The difficulty is enhanced by a rigid examination system, a unitary curriculum decreed from Riyadh for each level and a severe lack of learning materials. For lower levels, textbooks are imported from other Arab-speaking countries, but these are often unsuitable for local needs. At secondary and university levels, the problem of materials development is acute, for example, science materials in Arabic are incredibly out of date and alternative sources require both students and teachers to have at least reading fluency in a foreign language.

The list of such "Catch 22s" is long. Riyadh Medical School continues to increase its intake of students, but bureaucracies in local hospitals discourage the use of their facilities for student observation (a new University Hospital is now being built); ministries of the Government, desperate for staff, entice Saudi secondary and university graduates to join them by offering to send them abroad for more study. Those ministries that refuse to make such promises do not get employees. Those that do send students find they return only to work the minimum two years before demanding to be sent outside again to acquire another, higher, degree. Over 4,000 students are currently outside the Kingdom, the largest proportion in the U.S. Because students must work for the Government one year for each year they attend a Government-sponsored place of higher learning, newly wealthy families are now beginning to prefer paying for their children's university education outside the Kingdom themselves, knowing the future graduate's market value in the private sector will greatly exceed earnings as a civil servant for a four or five year period.

Perhaps unique to the Kingdom is the fact that all students are paid for going to school after they have completed the primary grades. Such gratuities are on top of all expenses (clothing, books, supplies, tuition), which are also paid for by the State. Even so, there is a gap of significant size between the primary and intermediate phases. Many students simply do not desire to continue their schooling; jobs are available in abundance without schooling which permit enjoyment of a lifestyle more in keeping with current social status or the freedom of bedouin tradition, for example, stamping numbers on papers behind a desk in the civil service or driving a taxi. The pressures of academic competition, examinations and the discipline required for formal learning are not everyone's cup of tea.

Such attitudinal constraints present great difficulty for the whole modernisation process. The attitude that manual work is generally beneath acceptable Saudi social status raises the gravest questions about the Kingdom's stated desire to industrialise. Only tiny numbers have so far graduated from technical/commercial secondary schools, even though such schools were organised with German help many years ago and are excellent. Students cannot be found to fill the vacancies available.

Perhaps the greatest difficulty is overcentralisation of the whole system, a problem not unique to Saudi Arabia, but practised with near vengeance. The decision-making process tends to assume that all decisions must be made in Riyadh and at a high level within the Ministry. The creation last year of a Ministry of Higher Education to supplement the work of the existing Ministry of Education is not a solution to centralisation but simply classic bureaucratic growth. It will tend to perpetuate the present trend whereby the holder of any degree, no matter the standard of the issuing institution or the subject involved, is regarded as equal to holders of the same degree—in status, pay and power. The form of the degree is much more important than its substance, that is, what can the holder do? It is easy to understand why students who want the status of a degree find it more desirable to do religious subjects or Arabic language rather than petroleum engineering or industrial economics. A one pay-grade differential in the civil service now gives university "science" graduates a slight edge over "arts" graduates, but the incentive is not sufficient. Meanwhile the Ministry of Petroleum and Minerals perhaps understandably holds on to its direct control of the University of Petroleum and Minerals rather than relinquishing its authority to the Ministry of Higher Education.

Significant

Finally, the explosion in women's education may be the most significant potential facet of Saudi educational policy to-day. Saudi planners, advertently or otherwise, are expanding the horizons (portion of the popu educational proce resistance to this cated by the fact of the educational under the Minist tion's jurisdiction separate Director Education, contro gious authorities; female educatio strictly separate males and females versity levels in co medicine. Women "liberating" force however, and the with which girls study" and acad perform boys is a f of Saudi social co

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NUMBER OF STUDENTS BY LEVEL OF EDUCATION*

	1973-74			19	
	Total	Male	Female	Total	M
Total students	852,611	598,941	253,670	977,972	667
Kindergarten	10,167	6,336	3,831	13,903	8
Primary	577,734	380,286	197,448	624,498	411
Post-primary	174,985	134,168	40,817	205,613	152
Higher education (university)	14,882	12,936	1,946	19,093	16.
Technical education	2,180	2,180	—	3,408	3.
Special education†	1,725	1,511	214	1,784	1
Adult education‡	70,938	61,524	9,414	99,673	75

* Including public and private institutions. † Specially designed for the deaf and bl to anti-illiteracy schools.

Source: Saudi Arabian Monetary Agency, Kingdom of Saudi Arabia, Annual Repor

APPROXIMATE NUMBERS OF STUDENTS GRA NON-RELIGIOUS SUBJECTS FOR SELECTED LEVELS

	1972-73	19
Elementary (primary; approx. ages 6-11):		
Male	28,751	
Female	14,202	
Intermediate (approx. ages 12-15):		
Male	14,122	16
Female	3,568	6
Secondary (approx. ages 16-18):		
Male Arts	2,000	1
Male Science	2,350	2
Male Technical/Commercial & others	187	
Total Male	4,537	4
Total Female	848	1
Teacher training (1 or 2 years after second; all levels):		
Male	3,609	
Female	2,241	
University (male only; 4-year course):		
First degrees earned at home	604	
First degrees earned abroad	112	
Total	716	
Masters or Ph.D.:		
All earned abroad	73	

Figures compiled from official Saudi Arabian publi cluding the SAMA Annual Report, 1976, and CPO Stati book (various years). Figures approximate.

هكذا من الأصل

Six stages in a Saudi Arabian achievement

On February 22nd, 1976, National Chemical Industries Ltd. was invited to enter into competition with 41 other companies for the ruction of 154 schools throughout Saudi Arabia. company was required to submit its own complete isal, covering every stage from design to erection, submission deadline date of April 10th. Conceived mainspring of the Second Five Year Plan, this ve building development would provide classrooms out 105,000 students.

Two weeks after the deadline, the number of eting companies had been narrowed to a short- fourteen. On June 2nd, contracts were signed ting twenty-three schools to NCI, the highest er allotted to any single company, and the only ict awarded to a Saudi manufacturer.

Now, in March 1977, NCI has completed its and handed the schools over to the Ministry of tion.

The Government's original aim was to satisfy gent need for additional school facilities, if sary by importing temporary buildings. However, CI schools are permanent structures. They have designed to the highest aesthetic, functional and standards. They have been built largely from reinforced concrete and reinforced polyester ig manufactured in Saudi Arabia the NCI Group, and completed, e, at highly competitive prices.

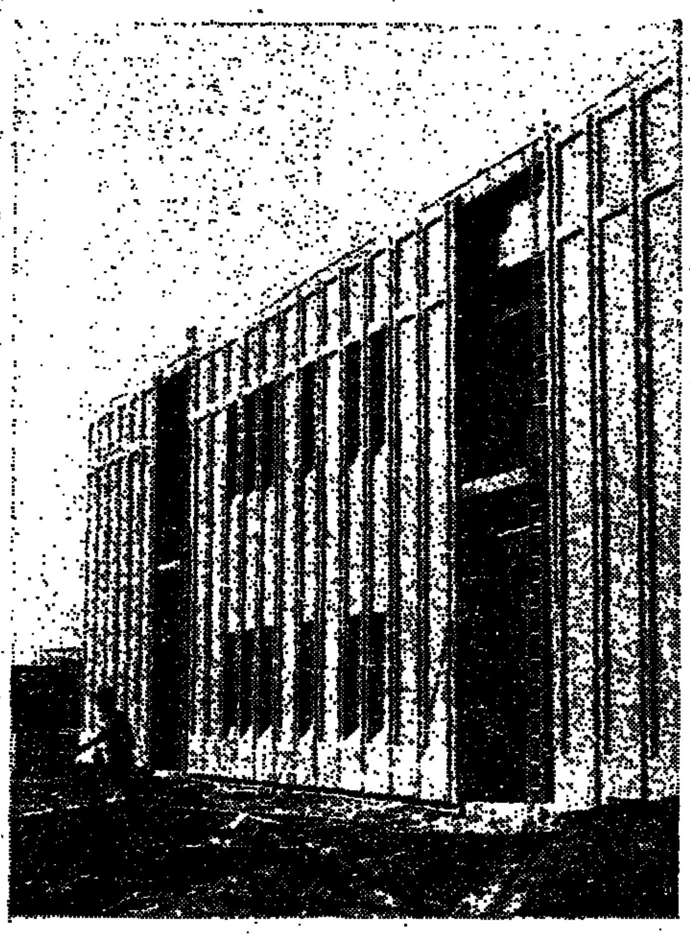
The Kingdom of Saudi Arabia is bisected by the Tropic of Cancer and suffers from harsh ic conditions. From the begin- CI were aware that a successful building programme must ll account of these conditions. for this reason that they turned Canadian partnership, PGL ects. Internationally renowned Mirabel Passenger Terminal at eal Airport and the Quebec n at Montreal's 'Expo '67', PGL so pioneered the development gely prefabricated structures ools and scientific laboratories the Arctic Circle. They are no ers to the particular design ms posed by extreme weather ry isolated construction sites, which proved to luable experience in both the Arctic and the s.

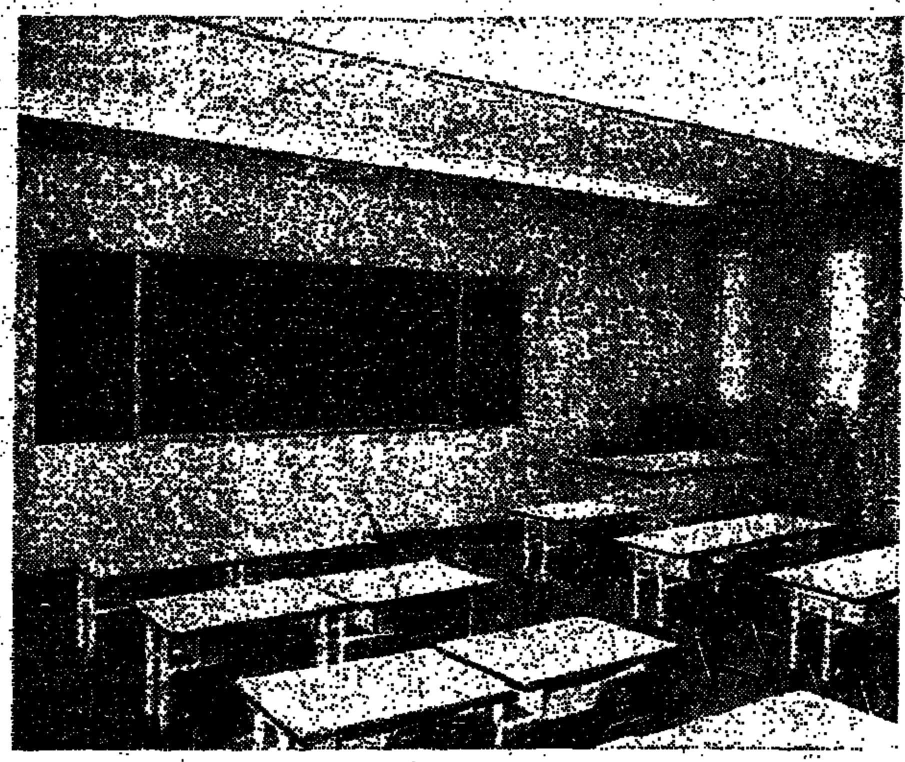
PGL's design for the NCI schools called for te foundations and steel columns supporting light steel space-frames forming the first floor and he exterior walls would consist of prefabricated of glass-reinforced polyester, 'GRP', specially ed to take advantage of the interesting shadows y a bright overhead sun. Careful thought was to the use of colour and form as a means of nising the schools with existing buildings in a environment. The design was extremely flexible, e architects ensured that the completed structure be highly resilient, well insulated, durable and economical to maintain—a vital requirement in Arabia.

Perhaps the single most distinctive feature of an NCI school is the extensive use of a structural steel system designed by the British company, Decks Limited. The Space Deck System is now ally recognised as a world-leader in its field, and ost truly original concepts, simplicity is the key to ularity.

The basic unit consists of eight steel members, d to form a rigid inverted pyramid. These ids can be bolted together at the construction d hoisted into position without the use of skilled to provide large areas of clear-span load-bearing as well as flat or cambered roofing.

NCI is Space Decks' largest customer, and the olling shareholder in Beyer Peacock, the light eering group which includes Space Decks. To the demands of the Schools Programme, NCI over 60% of Space Decks' production capacity in The raw materials, in the form of angular and r steel bars, bosses and tie rods, were produced company's headquarters in Chard, Somerset, and shipped direct to Jeddah for manufacture in the NCI steel factory.





Working to fine tolerances and rigorous standards of quality control, the factory produced 1,100 pyramid units per day at the height of the programme, representing 1,500 square metres of roofing space, finished, stacked, palletised and delivered direct to the site.

4 All the exterior wall sections of the NCI schools were fabricated by NCI's GRP factory in Jeddah, employing 200 men. The Company devotes considerable energy to a development programme which adds continuously to the range of its products moulded from glass-reinforced polyester and other polymers.

As a first stage in the Schools Programme, master moulds for all the wall panels required were hand-made in wood by NCI craftsmen. From these, a series of GRP moulds were fashioned, which when used to maximum capacity, could produce enough panels for two two-storey, twenty-four classroom schools. All in all, over 7,000 GRP panels were produced. The constituent resin was chemically pigmented so there was no need for further painting, and all panels were individually checked before despatch to the twenty-three different sites.

5 In order to guarantee the efficient and fast delivery of a staggering 50,000 tons of imported materials for the Schools Programme, the Company adopted a policy of direct control over its transport facilities, backed by the experience of established transport companies.

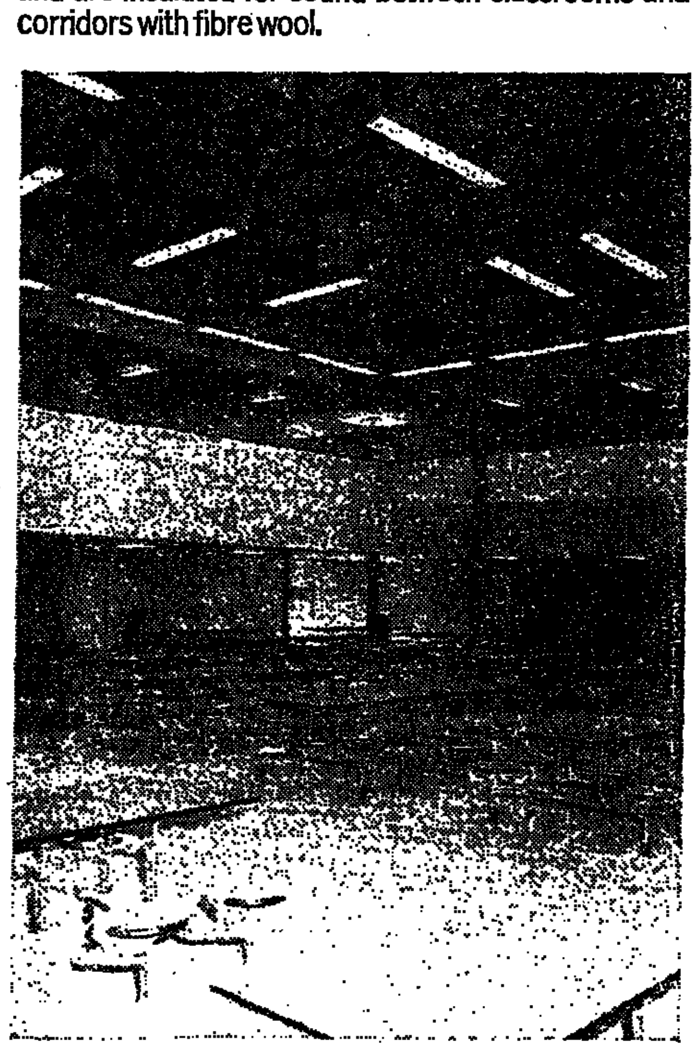
P&O Special Projects Division was hired to handle all imports from Western Europe and the United States using roll-on/roll-off vessels. Meanwhile, NCI faced the challenge of covering twenty-three sites in a country roughly the size of Western Europe with a fleet of trucks over fifty strong, based 26 kilometres from Jeddah on the highway to Mecca.

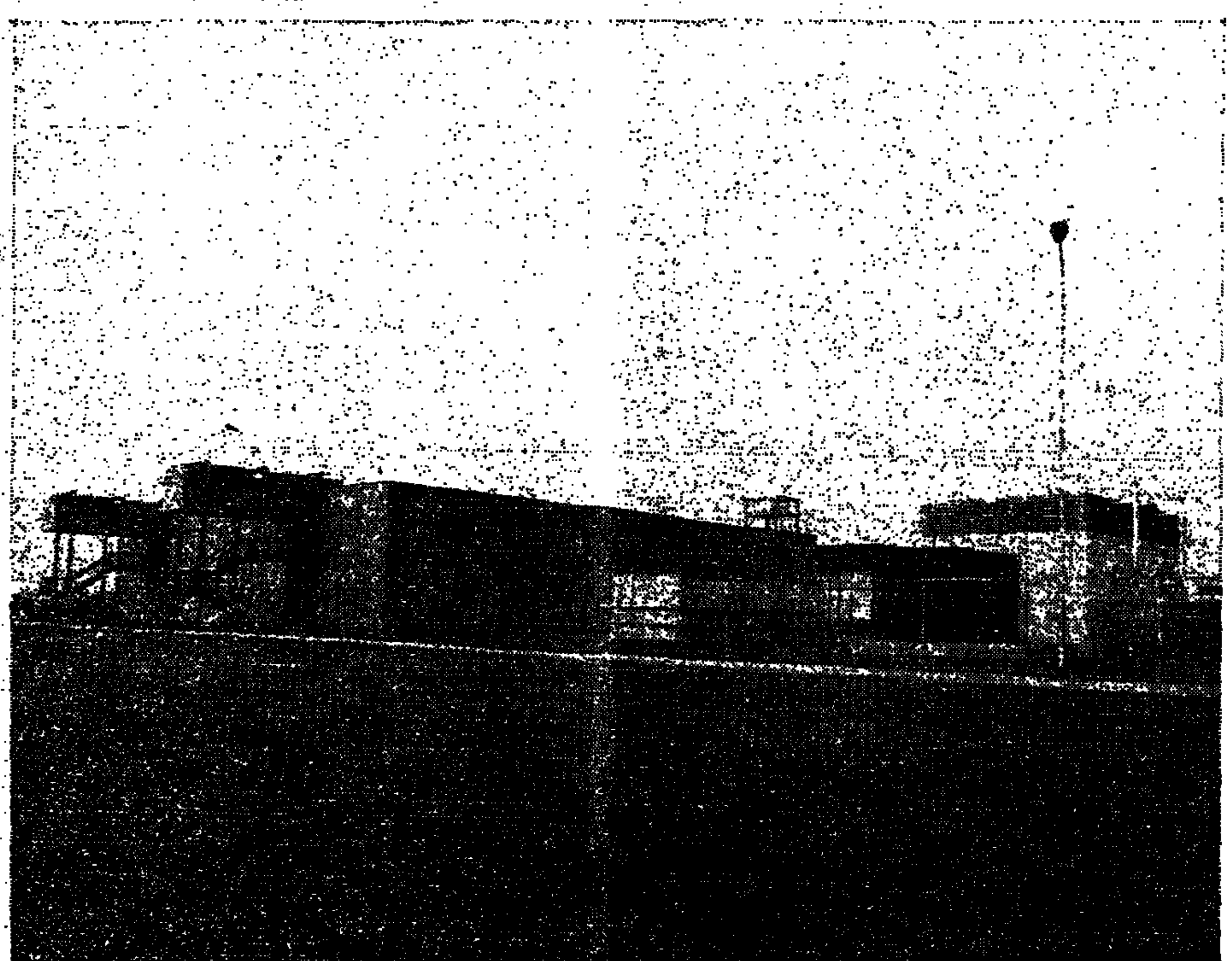
Over the last year transportation played a large part in ensuring that all deadlines were met throughout the school-building programme. This is a considerable achievement by any standards, especially in view of the problems of port congestion in Jeddah which have only recently been overcome.

6 The success of NCI's school-building programme rested on the Company's ability to marshal its own resources and those of PGL Architects and P&O.

The construction of 115,000 square metres of school facilities within the contract period called for all necessary components for a complete building system to be manufactured at the NCI factories in Jeddah.

Though pre-engineered, it must be emphasised that each school is a permanent structure. The external GRP cladding panels provide good weather resistance and excellent insulation due to their sandwich construction. The internal walls and partitions consist of gypsum boards attached to a metal stud system, and are insulated for sound between classrooms and corridors with fibre wool.





Each building is centrally air-conditioned, a considerable advantage over simpler prefabricated structures. The school is a self-contained unit with its own complete infrastructure, including independent power, water and sewerage systems, and provides either eighteen or twenty-four classrooms for 576 and 768 children respectively. A large central dining area caters for all students in two sittings, and provides a free midday meal from food prepared on the premises. Apart from the classrooms, each school contains administrative facilities, a headmaster's office and two staff common rooms, as well as a spacious library.

Outside, a unique feature of NCI's schools is the large play area protected from the sun by a Space Deck canopy supported 8 metres (26 feet) above ground on steel columns. Planned as a multi-purpose volleyball, basketball and general recreation area, the dimensions of the canopy are identical to those of the main school building, so the canopy could easily be used as the shell of a future extension if the Government wished to expand the facilities.

NCI has tackled the challenge of one of Saudi Arabia's most intensive building programmes to date. At the beginning of the new school year, over 15,000 children will begin their education in NCI-built schools. Due to the tremendous priority given to educational development by the Saudi Arabian Government, it is no exaggeration to say that these children will now have a standard of educational facilities comparable to the most advanced schools in the world's leading industrial nations.

National Chemical Industries Ltd.

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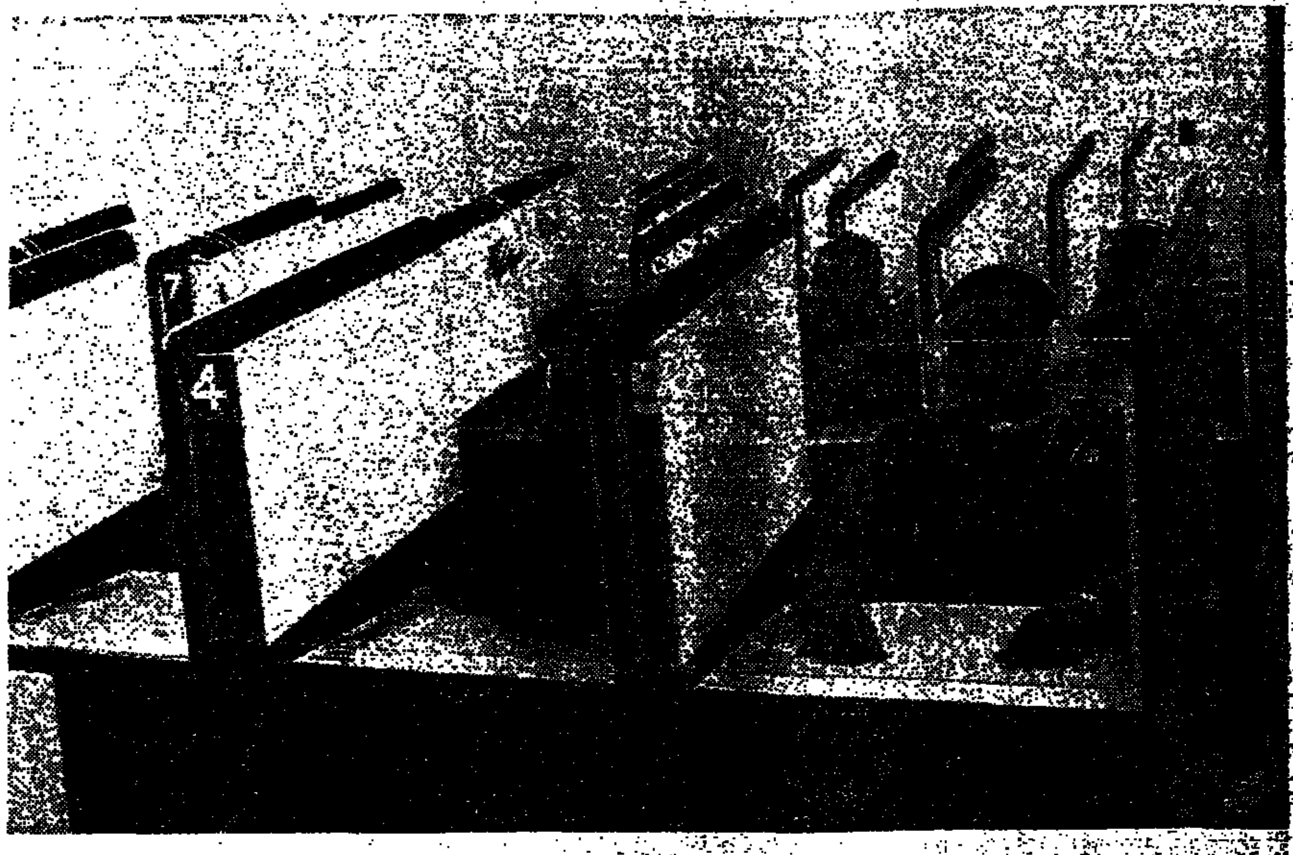
London Office: 344 Kensington High Street, London W14. Telephone: (01) 602 4646. Telex: 916535.

Saudi Arabia has plenty of money to implement its ambitious development plans, but the lack of manpower is a serious constraint. In spite of efforts to train local workers, the Kingdom will be dependent on foreign labour—technical, managerial, skilled and unskilled—for many years to come.

Manpower

IN TWO vital respects—working capital and working men—Saudi Arabia's position as it goes about implementing its Second Development Plan could not be more polarised. It has almost a surfeit of the former but must import by the hundreds of thousands foreigners to fulfil the technological, managerial, skilled and basic tasks involved in the development programme. The contrast could not be more marked.

Financial resources for implementation are assured despite inflation. The need and availability of manpower are more difficult to gauge. The Second Plan certainly projected the requirement. Before its implementation it was calculated that the number of foreigners employed in the Kingdom numbered 314,000, compared with 1.28m. Saudis in employment. The figure appeared not to take full account of the number of Yemenis working in the Kingdom (until 1972 they could enter the Kingdom without a passport).



Saudi students in the language laboratory at a technical training institute.

The breakdown on expatriates was based on a demographic survey made ten years ago, subsequent analyses by the Central Department of Statistics and data collected from the various ministries for their own purposes. These show that the labour force grew from 1.328m. in 1970 to 1.6m. in 1975—3.8 per cent. annually, with the rate for Saudis put at 3.7 per cent. and *for foreigners at 4.2 per cent.* By 1970 it was reckoned that there were 27,000 Saudi women in employment, compared with 1.29m. men.

Over the period of the 2nd Plan Government it was calculated that additional manpower of 730,600 would be required *to fulfil targets.* The anticipated Saudi contribution of 232,000 was based on an anticipated 3.1 per cent. annual increase in the number of nationals entering the employment market and the assumption that the number of Saudi women working would *rise by 3.3 per cent. each year.* The number of foreign workers was put at 498,000, which would mean expatriates accounting for 35 per cent. of total manpower in 1980.

Recently, doubts have been expressed from high official quarters about the need for as many as this. In practice, one of the best kept secrets in the Kingdom is the number of expatriates working there and their countries of origin. Reasons for the elusiveness of facts and figures can only be a matter for speculation, but it is possible to suggest two of them.

Committed

First, the Saudi Government has committed itself to rapid development without—as Dr. Ghazi al Gosaibi, Minister of Industry and Electricity put it in a keynote speech in New York last year—"rupturing the religious and moral values of the country"—no insignificant matter in the Moslem Holy Land, where Islam implies not only a religion but also an all-encompassing, defined social structure. Associated with this, perhaps, is the Saudis' unnatural sensitivity about having to depend on *hawaja* (foreigners), many of them *non-Moslem and in key positions*, to do the job for them.

Implicit in this short-term demographic adjustment (after all, once the job is done most of the foreigners presumably go home) is a second probable reason for official reticence. It is political. Saudi Arabia has a big land area (for instance about the same as Iran, across the strategically crucial Gulf) but a comparatively small native population, officially about 6.25m., though probably rather less (Iran has more than 30m.). The total Saudi workforce is thought to be about 1.25m., certainly no more than 1.5m.—the apparent disparity against population is explained by the fact that women, traditionally excluded from an effective presence in the economy, account for only a fraction of the workforce, being confined mostly to medicine and teaching, if they are not looking after large families.

According to different, independent estimates, anything from 120,000 to 200,000 workers may have entered the country in the past two years, and Dr. Gosaibi estimated recently that 400,000-500,000 extra workers might be needed over about the next six years if the development plan's targets are ever to be fulfilled. *In other words, by the early 1980s* there could be as many foreigners as Saudis working in the Kingdom.

Some estimates put the workers from the Yemen Arab Republic as high as 500,000, or twice the official Saudi Government figure, mostly in unskilled occupations (although many went home recently after a crackdown on illegal small traders). There would be about 180,000 Egyptians, as well as large numbers of Palestinians and other Arabs, including 88,000 Sudanese and Africans. The Pakistani Government says that some 35,000 of its nationals are in Saudi Arabia, although their number may total 80,000. There are more—75,000 or so—from India, which has a bigger Moslem population. Many from both countries are believed to stay on after making the Pilgrimage to Mecca and Medina in the hope of finding work.

Understandably, the Saudi authorities are ... happy with ... potentially ... element. ... Abdel-Aziz, ... Interior, ... Saudi televisi... warned that all... be alert for ... Saudis do not po... cratic infrastructure... to supervise or ... influx. Yet the Gove... exercise less direct... It would like ove... in from the rest ... *Communist world.* ... happening now ... preference is movin... (expensive) Wester...

Developme...

There are curr... 29,000 Americans ... dom — 7,000 ... Jeddah, the comme... on the Red Sea ... 50,000 in two years ... U.S. tax laws affecti... earnings. There ar... 12,000 Britons. Othe... and "European stock... account for a furt... Overall, nearly ... nationalities are rep...

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The recent granting of several large mineral exploration contracts indicates the size of Saudi Arabia's mineral potential, especially for copper, phosphates and gold, and the attraction the Kingdom holds for international mining corporations.

Minerals

SHEIKH Ahmed Zaki Yamani, who is responsible for Saudi Arabia's mineral resources as well as its oil, said last September that he expects the Kingdom to become one of the biggest mineral exporters in the world within 20 years. He *spoke particularly of copper, gold, phosphates and "chemically active minerals,"* taken to be a reference to uranium.

The granting of several large-scale mining exploration concessions in the past 12 months indicates both the Saudi Government's determination to realise its mineral potential and the fact that international mining companies apparently find the prospects and terms for exploration work in the Kingdom attractive.

The Directorate General of Mineral Resources (DGMR) was *set up in Jeddah 16 years ago* and with the help of the U.S. Geological Survey (USGS) and the French Bureau de Recherches Géologiques et Minieres (BRGM) began investigating all recorded mineral locations and ancient mine sites; it then began a systematic programme of geological mapping and prospecting.

In order to increase its overall exploration capability the DGMR last September signed a contract with the RTZ subsidiary Riofinex to set up a geological mission in the Kingdom which will complement the operations of the existing missions. Though the value of the contract was not disclosed the budget approved for the work during the current development plan which runs until 1980 amounts to about $54m.

Initially the DGMR's survey programme put emphasis on the older rocks of the western part of the Kingdom—the Arabian Shield — in the search for chromium, copper, gold, iron, lead, nickel, silver and zinc. Later the search was extended to the younger rocks to the north and east of the Arabian Shield (seeking copper, phosphate and uranium), to the rocks on the Red Sea coast (barium, copper, iron, lead, salt and zinc) and into the muds at the bottom of the Red Sea, investigating mineral-rich brines.

Patterns

More than half of a planned set of geological maps of the Arabian Shield has now been produced, and from records of investigated mineral deposits definite patterns of mineralisation are beginning to emerge. But as yet relatively few large *mineral deposits* have been found, though several mineral exploration licences have been issued.

Among the earlier licences were those for the Wadi Qatan nickel deposit and the As-Massane zinc-copper deposit (both in Asir province south of Jeddah), which are held by the Arabian Shield Development Corporation of Texas. U.S. Steel and SEREM (Societe D'Etudes, de Recherches et D'Explorations Minieres) were granted the concession for the Jabal Sayid copper-zinc, gold and silver deposit north of Jeddah. Nippon Mining and Mitsui Mining held a *licence for the* Nuqrah copper-gold-silver and lead-zinc deposit for about one year between 1974 and 1975.

More recently Consolidated Goldfields has been licensed to explore in the area of the Mahd adh Dhahab (Cradle of Gold) 280 km northeast of Jeddah. A mine was worked here by the Saudi Arabian Mining Syndicate which produced 766,000 ounces of gold and just over 1m. ounces of silver between 1939 and 1954 when the mine was closed down.

The Swedish concern Granges International Mining has been licensed to *explore* extensive phosphate deposits at Thaniyat north east of Tabuk near the Jordanian border. Noranda Exploration, the Canadian company, is exploring for copper, zinc and nickel at Kutum-Talah in the Asir region.

Among the *other* areas in which interest has been shown are the Jizan salt dome (thought to contain 33.3m. tons of 98 per cent. pure sodium chloride), and the Zarghat and Jabal ar Rokham magnesite deposits in Hijaz province.

The British Steel Corporation has a contract to evaluate the potential of iron ore deposits near the Red Sea coast in the extreme north west of ... try, which could form ... of the Kingdom's iron ... industry.

Saudi Arabia is attr... mining companies ... because basic geologic... ledge has reached a fa... advanced stage but ... there is a well-define... Code which clearly s... the terms of the ... licences, as well as the ... and taxation measure... which exploration and ... tion may be carri... Although the State ... option *to* acquire a fu... up interest of up to 50 ... in any mining operation ... Petromin (the Petrole... Mining Organisation), ... of such a partnership ... negotiated before the ... tion licence is issued.

Holiday

There is an initial tax ... of five years on any mi... repatriation of capit... profits are guaranteed ... DGMR, which has cha... issuing licences, has bui... a reputation abroad fo... thinking and plain deali... Government's objective ... mineral policy is not sc... the potential royalty ... from mining operations ... establishment of a bas... industrialisation, and a... away from economic ... political dependence on ...

By a Correspon...

Electricity

Increasing demand for electricity has underlined the need for an efficient power generation network. The major projects set up to fill this need seem to be on target.

:TRICITY generating ; battling as hard as ·p pace with the ever- demand for power m the country's deve- iom and rising living So far the story has :essful one, involving most part private which has been for supplying the ıe Kingdom's needs far been successful g the challenge— by profit guarantees e State and, recently, s. Now the Govern- iying a more active attempting to what is a hetero- stem and to sponsor ment of a national while, public sector plants are expected n increasing propor- Arabia's electricity s.

r electricity com- licensed to supply main urban centres Riyadh, Dammam- hobar, Mecca-Tayif, Al Ahsa. Total erated by them om 699.6m. kWh in m. in 1975, with having benefited Arabia's water plant. Now, as e to operate at peak ith remarkably few -offs, they are installing new keep pace with ich threatens to faster than in the eriod.

i two 25MW and units went into pro- year followed by 44.6MW units. For Riyadh, three emer- MW gas turbines service while con- a major 300MW tarted and another capacity has been ie power company Dahran and its towns installed enerating units and e another 150MW ional early in 1978. tions were made to v serving Mecca-Tayif, Medina and Al Ahsa.

Most of these expansion projects by six major concerns and also those of 50 other private electricity companies scattered around the Kingdom, are being financed with long-term interest-free loans from the Saudi Industrial Development Fund, the State agency established in 1974 to give financial assistance to private industry.

Up to the end of June last year, the Fund had disbursed SR1.4bn. ($395m.) of a total of nearly SR2.1bn. in approved advances to 56 electricity companies. The six large companies' share of the loan commitments came to SR1.3bn., or more than 60 per cent. of the total, and disbursements to them by mid-1976 amounted to SR1bn.

The companies themselves also put up considerable sums, but with the Government ensuring a fair return on the investment. Tariffs are controlled but, by subsidy, the State guarantees 7 per cent. profit to the big urban operators and 10 per cent. profit to all other private electricity concerns elsewhere in the Kingdom.

Active

Now a much more active role is being played by the Government, which recognised in drawing up the current second five-year plan that the Kingdom's power supply system must be rationalised and integrated if problems of distribution to consumers were to be overcome. The late King Faisal announced the goal of "distributing electricity throughout all villages and cities" in the Kingdom. Rightly, it was decided that apart from manpower and other economic advantages, an integrated system—standardised and expanded—would provide a greater degree of performance and reliability. Clearly, a fragmented system which had at least two different working voltages and two different grid frequencies is hardly adequate to cater for continuing rapid growth.

A Government analysis in 1974 showed that, by 1980, an integrated system could achieve additional capacity of nearly 3,300MW, compared with 1,256 MW, and serve an aditional 1.6m. people over and above the 2.2m. then served. It was reckoned that such a grid would require some 30 per cent. less manpower to build and maintain—a vital consideration in a country suffering from such severe labour shortage, and would be about 30 per cent. cheaper in terms of investment per person served. Whether or not this turns out to be precisely the case is another matter, especially in view of industrial import cost inflation; in any event, the total investment envisaged for the entire system was estimated to be about SR7.8bn.

A reconstituted Ministry of Industry and Electricity was charged with guiding the development of the system and also coordinating of private companies' activities with that of other generators, including the Water Desalination Organisation. The Arabian American Oil Company has been given the go-ahead to integrate electricity distribution in the Eastern Province, with the region's future industrial needs particularly in mind.

Within the Ministry, an Electrical Services Department is responsible for implementing several key programmes, including the electrification of whole regions by establishing central power stations and long-distance high-tension cable networks (initial projections under the five-year plan were for more than 200 power stations and more than 4,800 km. of transmission lines). The long-term plan is to interconnect the various regional systems into a national grid. In the short-term, the department is concentrating on integrating towns and "satellite" villages.

However, this short-term programme has been delayed recently because public tenders for power stations in al-Kharj (south of Riyadh), Asir, Baha and Jizan regions were cancelled by Dr. Ghazi al-Gosaibi, Minister of Industry and Electricity, following charges that six Western and two Japanese contractors had inflated their bids. The four projects have now been handed over by the Government to Indian, Taiwanese and South Korean concerns. Studies are under way for other provincial projects in the Najran, Sudair, Wadi Fatima, Ha'il and Qassim areas, as well as in al-Ahsa and Namas.

Powers

The recently created General Electricity Organisation, for which the ministry is responsible has wide powers to provide electricity to remote areas of the kingdom. It took over management of electrification projects already undertaken by the Government—and is operating, directly or indirectly, in new launches while submitting a phased programme for the required capital investment. Some 27 contracts have been awarded for projects involving the electrification of villages along the main pilgrimage routes to Mecca and Medina. A rural electrification programme also provides for 72 small villages to be supplied in stages over the five-year plan period at an estimated cost of more than £40m. Tenders are being invited for a further 15 projects to electrify 75 small and isolated population centres in stages. Government participation in the private sector of the rural electrification programme involves providing technical advice and services—and long-term interest-free financing for up to 75 per cent. of capital requirements.

Two other sources of electrical energy—water desalination plants and natural gas—are contributing more and more to the overall concept of bulk power supply and inter-regional connection of generating facilities. Government policy now decrees that, where suitable, all desalination plants under construction or on the drawing board should have an associated power generation capacity, utilising waste heat from the distillation process, to maximise energy supplies.

The first major desalination plant, commissioned in 1970 just north of Jeddah, has a capacity of 50MW. The second phase of the project, scheduled for completion this year, will add 80MW while work on the larger phase III extension has just started after delays. Other desalination plants are at al-Khobar, al-Wajh, Duba, Amlaj and Khafji, while several more are planned.

Aramco's integrated electrical power system in the Eastern Province, which according to plan projections will supply more than 2,400MW of additional capacity, will be fuelled by the abundant natural gas resources of the region now being more fully exploited by Saudi Arabia.

Under the Second Development Plan, estimated total investment in the power generating system (after adjustments for Saline Water Conversion Corporation projects and generation capacity of the Water Desalination Organisation) is more than SR3.48bn. But even if the overall grand scheme is being cut back, consumer demand for electricity is hardly likely to abate, especially as planned total subsidies of more than SR768m. help to ensure that tariffs are kept low—not more than SR0.07, or fractionally more than 1p, per kWh for domestic users and slightly less for industrial consumers.

The Government is proceeding on the basis that balanced and timely development will "assure stable, long-term regulation of electricity generation, transmission and distribution on one hand, and development and administration of the electricity system on the other hand." Much else in the Second Plan reads as ideally, but with power generation at least Saudi Arabia looks as though it can keep the pace with the objectives.

Rod Newman

Manpower

CONTINUED FROM PREVIOUS PAGE

Even British craftsmen are to be seen on building sites these days, but the focus as far as skilled labour is concerned is now squarely upon Asia. Government officials, even Ministers, and large-scale employers regularly go on recruiting drives. So, too, do foreign contractors, who are now obliged to import the foreign labour required for the projects that they carry out. Competing for this labour are the other Arab States of the Gulf and Iran.

Though not Moslems, South Koreans especially are favoured by the Saudis as hard-working, efficient and disciplined, with the result that during the past few years their numbers have risen from virtually nil to at least 16,000 to-day, with another 8,000 scheduled to arrive soon. This figure will continue to rise as big South Korean companies, such as Hyundai which is constructing the industrial port at Jubail, continue to win substantial turnkey contracts. Western companies also are recognising the cost sense of using Asian labour. Fluor, for instance, has imported 3,000 Indonesians to work on its natural gas development contract in the Eastern Province.

It is not an unimpeded trade. While Asian countries appreciate the extra foreign exchange their nationals earn overseas, they also are short of skilled labour. South Korea, for example, has its own development programme and needs every trained worker which it can lay its hands on. It is sacrificing manpower only in the interests of stimulating its contractors' overseas successes. Pakistan appears to have an almost limitless pool of unskilled labour—some 40 per cent. of its 83,000 nationals processed for overseas employment during the past five years were skilled and s...-skilled tradesmen, including electricians, mechanics, technicians and construction workers.

The onus of importing and—most important—housing the greater portion of expatriate manpower needed for Saudi Arabia's development programme is on the private sector, which mainly means foreign partners of Saudi companies and overseas contractors undertaking Government projects. The Government has helped by permitting block visa applications, rather than requiring clearance for each individual worker, but the problems start once those groups of expatriates have arrived. In Jeddah, for instance, where the population has multiplied nearly 20 times in the past three decades to at least 800,000—and more than tripled since 1972—the acute shortage, and therefore cost, of housing has not been solved overnight by recent orders freezing rents on both occupied and unoccupied dwellings.

Again, it is the responsibility of large employers to provide (and that means, from this month, to build) accommodation for their employees—a problem that should ease somewhat now that the ports have been decongested and new facilities are being built, thus allowing essential construction materials to flow through at a greater rate. The abolition of personal income tax for expatriates, at least, is an incentive for workers to accept jobs in the Kingdom, but this is partly undercut by an officially acknowledged high rate of inflation.

By the time the country's infrastructural facilities are complete, and on present indications this will be long after 1980, the Saudis expect to have trained an indigent workforce that will rely less and less on outside help. Development of what are broadly described as "human resources" accounts for rather more than one-sixth of total expenditure under the five-year plan (realistic in view of the 70 per cent. illiteracy level). In education and training, according to Dr. Gosaibi, facilities are being created to increase enrolment in the various general and technical education institutions by more than 200 per cent. to about 2m. students.

The World Bank has been collaborating with the Ministry of Planning on drawing up a long-term manpower development programme. The International Labour Organisation has also been involved in arranging a network of vocational training centres and—now that, as of last year, Saudi Arabia is a member of the United Nations agency—the ILO has been invited to contribute more intensive educational planning expertise. The British Council, under the auspices of the Saudi-U.K. Joint Economic Commission, has drawn up a compendium of higher education facilities available in Britain. Educational consultants such as David Llewellyn and Associates are providing help in selecting courses and placing Saudi students overseas.

Skilled and semi-skilled labourers apart, the Government recognises that it will have to depend for a long time on technological and managerial expertise from the developed countries, especially in industry. Thus, it is encouraging foreign investment in the form of joint ventures so that foreign know-how and Saudi cash can be combined, in the words of Dr. Gosaibi, "to produce significant mutual benefits." There remain suspicions, however, that future industrial manpower needs might be seriously underestimated, even though the grand plan provides for high-productivity occupations in a highly automated setting.

In the hydrocarbon-based industries, maximum employment of 27,000 is projected for the manning and maintenance of possibly as many as five petrochemical complexes with an ultimate annual capacity of 2m. tonnes of ethylene equivalent, several of fertiliser plants, an aluminium smelter and possibly a steel plant, as well as hydrocarbon distribution systems, gas-gathering facilities and refineries. Then there is the planned network of other manufacturing industry.

This must imply a continuing and perhaps accelerated drift of Saudi manpower to heavy industry from the rural areas, which, although at the start of the plan period they were using more than 30 per cent. of the workforce to produce about 1 per cent. of GDP, are struggling to attain self-sufficiency. The initial emphasis is on infrastructure, and many of the foreign workers engaged on constructing the system will return home. But the Government appears not to have thought out precisely the longer-term manpower requirements of keeping new services and industries going.

R.J.

The Saudi Arabian Monetary Agency is responsible for the management of the country's enormous surplus revenues. Its policy is to adhere to conventional banking principles, and to use Saudi Arabia's wealth to achieve a greater say in international finance.

Surplus funds

SAUDI ARABIA'S surplus funds continue to grow remorselessly but their actual disposition remains a matter of considerable mystery. The surplus is managed by the Saudi Arabian Monetary Agency (SAMA), along with foreign operations which include handling funds from all the accounts of the Government and of Government agencies and the commercial banks.

Only about half the funds handled by the banking department of SAMA can be considered the long-term surplus. They derive from the Government's current accounts, the accounts of such institutions as the Saudi Development Fund, the Real Estate Development Fund, the Industrial Development Fund and other special-purpose State-owned banks, the accounts of the State pension funds and other autonomous bodies, and the commercial banks' accounts. A great part of SAMA's funds is covered by spending commitments already made or in the process of being made.

SAUDI ARABIAN MONETARY AGENCY
BALANCE SHEET AS ON 18/11/1976 IN $ US MILLION

ISSUE DEPARTMENT		
Notes and coins in circulation and in banking department	3,288	Gold (including gold element quota with IMF)
		Convertible foreign exchange
TOTAL ASSETS	3,288	TOTAL ASSETS
BANKING DEPARTMENT		
Government current account	3,945	Cash in hand
Government special and reserve account	24,808	Gold and silver
Other Government accounts: Government Institutions and autonomous bodies such as SIDF, REDF, SDF	6,972	Deposits with foreign banks
		Other foreign investments
Pension fund accounts	1,366	
Local bank deposits	2,218	Other assets
Other liabilities	10,394	
TOTAL ASSETS	49,504	TOTAL ASSETS

Separate

SAMA does not think of its long-term Government accounts and the various other accounts it holds as being in totally separate categories requiring separate and watertight investment operations, although it obviously has to earmark certain assets against particular forthcoming commitments on the liabilities side of its balance sheet. Likewise there are certain assets which are clearly set against the Government reserve account. These assets would come under the heading in the *table of "other foreign investments."* That includes virtually everything apart from bank deposits—namely, contributions to the IMF's oil facilities, direct Government aid to underdeveloped countries, loans to one or two industrial countries' Governments (notably the Japanese), loans to the World Bank and the United Nations and UN agencies, World Bank bonds, gilt-edged securities, bonds, equities, and loans to international and intra-regional institutions.

It is not clear whether this item includes equity participations in inter-Arab projects and regional investment companies and development banks. Among them are such institutions as the Islamic Bank, the Arab Bank for Economic Development in Africa, the Arab Investment Company and the Arab *Fund for Economic and* Social Development. All of these items may be counted as being part of current expenditure. Certainly capital contributions to such purely Saudi institutions as Saudia and the Saudi Development Fund (the Kingdom's own Third World aid fund) do not come under SAMA control and are not regarded as being a part of the nation's reserve. This is in contrast to the situation in the States of the Gulf where reserves come under the control of Finance Ministries.

The headings under which SAMA classifies its assets in the table differ slightly from the classification used by the IMF in its International Financial Statistics (IFS). (It should be noted anyway that the items included under each IFS heading are not uniform throughout the Middle East oil-producing countries—varying according to *how the various countries make* their reports and how the IMF works its own figures from the reports. Similarly, because countries choose to compile figures on different dates, the figures given for the end of each month in the IFS may in reality apply to earlier dates.)

Broadly speaking the IFS "International Reserves" figure, \$27bn. at the end of December last year, would (if the dates matched up) correspond to SAMA's "Gold" and "Convertible Foreign Exchange" items in the Issue Department balance-sheet plus "Deposits with Foreign Banks" plus the IMF oil facilities loans element in "Other Foreign Investments." At the same time the IFS's "SAMA Investments," \$25bn. at the end of last year, would correspond broadly to the rest of the table's "Other Foreign Assets" item—though there is some suspicion that this IFS figure includes again Saudi Arabia's contribution to the IMF's oil facilities, meaning that there may be an element of double counting.

It follows from SAMA's view of the overall unity of the assets under its control—these being seen as simply "public funds" and not as "current accounts" on one hand and "the surplus" on the other—that SAMA's investment management team, seconded from Baring Brothers and White Weld, applies the same basic considerations to the investment of all the assets under its control.

Deposits are placed exclusively with banks on the Approved List. Originally this list contained just ten banks—Morgan Guaranty, Chase Manhattan, Citibank, Bankers Trust, Bank of America, Midland, Lloyds, National Westminster, Algemene Bank Nederland and the Swiss Bank Corporation—but it has since undergone two major expansions, one in 1972 when 25 names were added, and another in 1975 when 17 names were added. *Taking into* account two or three additions which have been made individually at various times, the list now totals rather over 50.

Because of the extra administrative burden involved in dealing with every new institution, SAMA, which in terms of staff is quite a lean institution, will normally only add further names when it is obliged to do so. It is not of course, susceptible to propositions put to it by visiting bankers.

There have at the same time been one or two individual subtractions from the SAMA list, though normally if the Agency wishes to avoid using a particular bank it will keep it on the list but pass temporary instructions to this effect to SAMA staff. The Approved List is anyway an informal document compiled entirely for the guidance of SAMA staff, and the banks themselves are not notified when they or other banks are put on it, taken off it or temporarily suspended.

As regards the maturities of deposits, before 1972 virtually all of SAMA's funds were held short-term, and although since then the Agency has pursued a generally successful policy of lengthening the maturities of its deposit (and other investments) in the medium-term range, there have been times when maturities have actually shortened. Such a period occurred in late 1974 and early 1975 when the drop in loan demand in the industrialised countries caused the banks to stop quoting significantly higher rates for long-term than for short-term money.

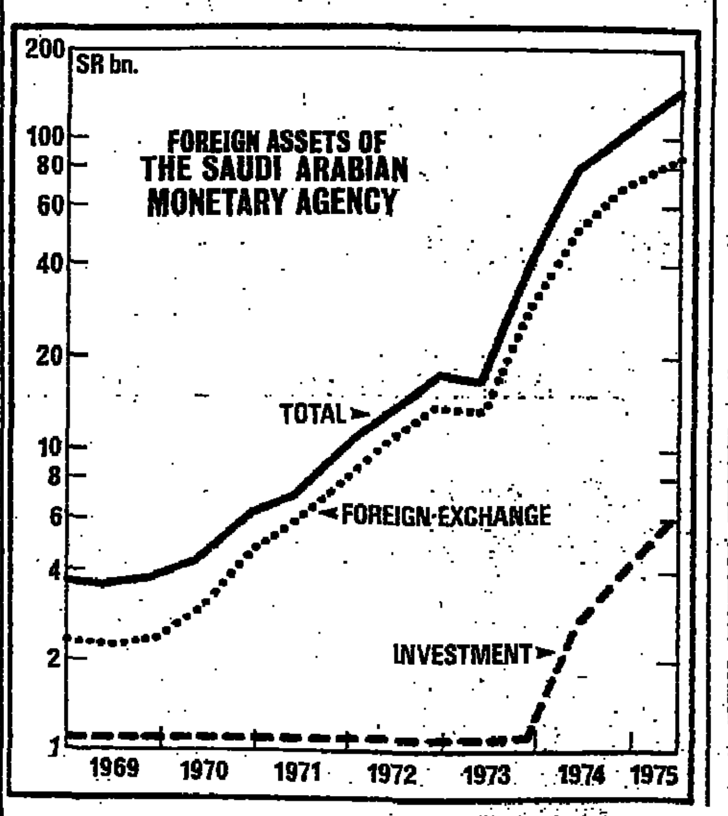
In addition to deposits, SAMA invests large sums in fixed-interest securities — Treasury bills and bonds. For the most part the bonds are issued or guaranteed by Government, Government agencies or international governmental institutions, but as an innovation in the past two years SAMA has begun buying a small proportion of high-rated corporate bonds. A further innovation has involved the purchase of some blue chip equities—though rumours of SAMA buying real estate are false.

Long-term

Generally SAMA's investment policies are very long-term affairs which involve only occasional innovations — and since the revenue explosion of 1974 such innovations have been very much fewer than the barrage of comment on the subject might suggest. Essentially the changes have involved no more than one expansion of the approved list, the switch from a small Morgan Guaranty investment team to a slightly bigger Barings-White Weld team and the institution of an Investment Committee, and the beginnings of equity share and corporate bond i

Bigger change 1972 and 1973 (crisis), when SA first big expan Approved List, s cess of leng maturities of its CDs, and began currencies other dollar—although account for the Agency's assets tinue unavoidably the major change occurred during period is logical, in 1972 that Saud saw that it was go chronic although at that anticipated that would derive colossal expansi volume of oil pro from increases in

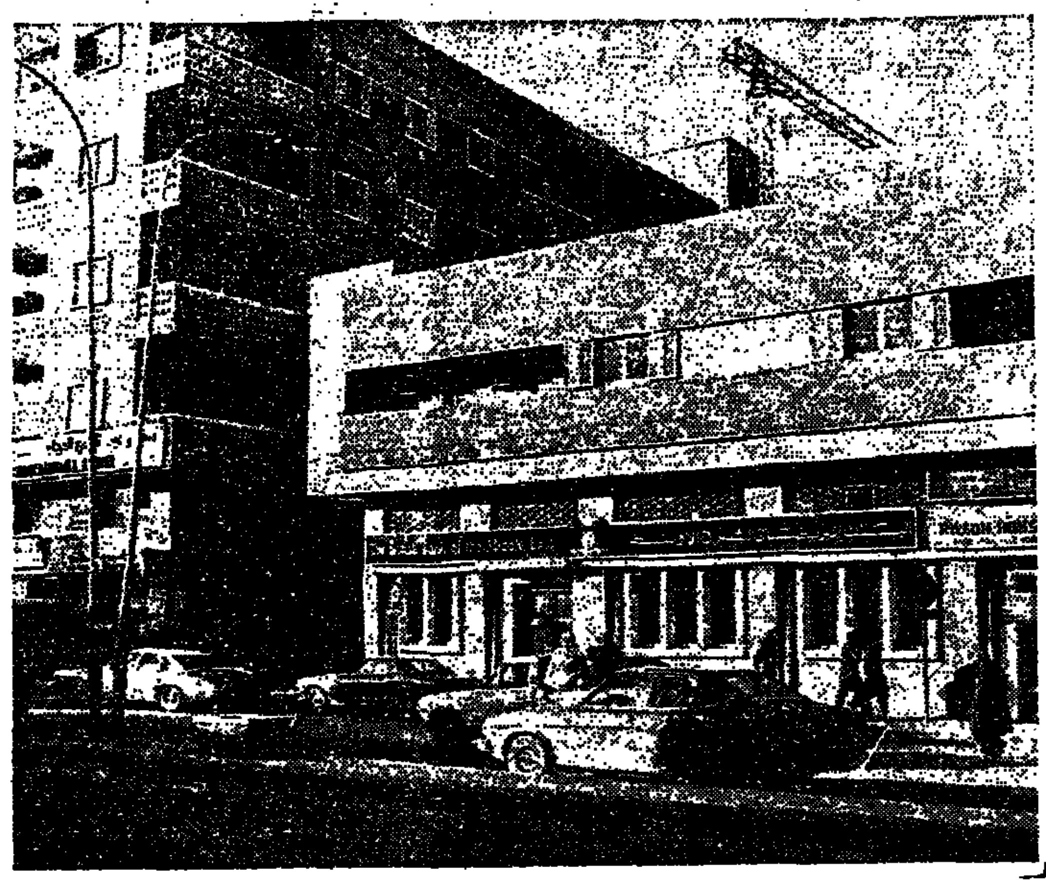
SAMA does n adjust important its investment month to month, cial institution mi does it move fu currency to an when it periodica rencies other tha to make investme bonds or discou quently. In short deal actively in t professional marke do. Rather does S rigidly to convent banking principl because it is an servative institut because it is Sau gain a greater sa in international affairs, and partly Government is as g cerned in financial it is in oil matt responsibilities for of the world econo



هكذا من الأصل

Banking

ɜ past three years have seen a staggering rease in Saudi Arabia's banking system. Foreign business grown fast, although the Saudi Arabian Monetary Agency's ›rts have been directed towards domestic development, luding the expansion of branch banking.



A British Bank of the Middle East office in Damman.

N JULY 1974 and last year the total f the banks in abia increased from ɔn. (excluding contra to $7bn.—and in the s since it is thought ures may have grown er 20 per cent.

ɜr indication of the ɔf the market is that ember the bank's ounts, composed of ry credits, bills for ınd guarantees stood impressive $11bn. t is not yet possible accurate comparison 976 *year-end totals,* ·es must mean that bia has now at last Kuwait as the country biggest banking the Arabian penin-

the course of the ınsion the volume of 5bn. last September) faster than local credit ($2.7bn. last and all the banks ctraordinarily liquid hem having liquidity igh as 50 per cent. said, though, that ırabia this ratio is so anomalous as it first sight because proportion of the ts of customers are

ıis *reflects the con-* servatism and lack ·lication of many f the Saudi public. *important, it is a* the fact that with ɜs paid by the banks m only 2½ to 5 per deposits in Saudi not an attractive compared with property and con- r those who have ıd long-term funds

growth of deposits, some extent with of the Saudi Monetary Agency ı the size of the lending operations eyitably to a big foreign assets—from $400m. in July 1974 to $1.6bn. last September. Because of the exchange risk affecting that part of the banks' foreign assets not located in other *Arabian peninsula oil States,* the banks would, in one sense, prefer to avoid keeping so much money outside Saudi Arabia, and it is significant that they have at times maintained funds on interest-free deposit with SAMA (the central bank) over and above the sums that they have been obliged to keep under the terms of Article 6 of the banking regulations. On the other hand foreign assets are important to the banks as income earners, especially when some of their assets at home are earning no interest at all.

The expansion of the past two years has been accompanied by a number of relatively modern and sophisticated innovations, in what was until recently a notably underdeveloped market.

Most conspicuous has been the development of international lending in Saudi riyals. To date this has involved four riyal bond issues managed by National Commercial Bank for government authorities in Morocco, Algeria and Spain, and a significant amount of lending to banks in the States of the Gulf—and particularly to the Offshore *Banking Units (OBUs) in* Bahrain.

Ordinary loans to non-bank foreign borrowers such as the Kuwaiti banks have at times, made in Kuwaiti dinars, been discouraged by the authorities' rules that when lending in riyals to non-Saudi registered companies (whether in Saudi Arabia or outside) the banks must get either 100 per cent. collateral or the guarantee of another bank—for the specific approval of SAMA, which it seems is much more likely to be given for either a straight loan or a bond issue if the borrower is Arab than if he is non-Arab.

From the viewpoint of the borrower, the advantages of taking riyals are those of cost and availability—international borrowers of riyals can expect slightly lower interest rates and need not be of quite the same high quality as borrowers of dollars. The disadvantage is the exchange risk, though the seriousness of this is difficult to assess. Because the King*dom's foreign trade is not con-*ducted in riyals, or even affected by the riyal rate, and because the riyal is not in any sense a reserve currency, it is not prone to the forces which normally cause revaluations. Any revaluation would, furthermore, involve substantial losses for both official and private Saudi holders of foreign exchange.

So the only factor that is liable to induce the authorities to revalue would be a desire to combat inflation—and because inflation in all Arabian peninsula States is now generated internally rather than externally (whether this is admitted officially or not) this factor must be less important than it was three or four years ago.

Parity

It seems most likely therefore *that the parity of the riyal will* remain as it is at present—pegged loosely to the SDR, and being allowed to move within plus or minus 7¼ per cent. of the rate at which it was fixed originally. In practice, in such *dealings as have taken place in* the international markets the riyal has tended to float towards the upper end of this spread.

Apart from their fear of a revaluation, potential foreign borrowers of riyals were in the past concerned that they would be unable to get back into riyals when the time came for them to make their repayment. This is because it has always been SAMA policy not to sell riyals—the only exceptions having been on occasions several years ago when banks that became short of liquidity were permitted to sell some of their foreign currencies to SAMA in lieu of the more normal practice (in other countries) of applying to the authorities for a loan.

Now that a Saudi inter-bank market, developed and used extensively by National Commercial and Citibank in particular, has come into being over the last year or so, foreign borrowers of riyals can get back into that currency without diffi*culty. In most cases the lending* bank will anyway have given a commitment to provide riyals through the inter-bank market when repayment is due.

A second major development in the Saudi banking market recently has been in long-term lending—partly to industrial enterprises. In terms of the total volume of the banks' lending advances of this type are still not very significant, and the bulk of demand is of course met by the Government-owned specialist banks—including the Saudi Industrial Development Fund, the Real Estate Development Fund (which lends for residential and commercial property building rather than for land purchases), and the Contractors Fund, all of which make loans at less than commercial interest rates. Nevertheless in terms of the situation of a *few* years ago the number of industrial loans that have now been given by the commercial banks is quite noticeable—and a good many more loans are now under negotiation.

Otherwise the banks' main lending goes to finance imports, minor contracting operations and the ordinary business of Saudi trading companies. The style of Saudi companies, and of companies elsewhere in the Arabian peninsula, is not to *arrange a loan for themselves* in advance of their incurring a foreseeable expense, but to arrange for an overdraft which will fluctuate considerably according to the company's day-to-day needs.

Trading companies generally will borrow up to the hilt, because with an inflation rate running at over 20 per cent. and interest payments of only 8 per cent. they cannot but make a profit on such transactions. Indeed there must now be many Saudi merchants whose big stocks have given them a vested interest in the maintenance of a high rate of inflation, and who would be severely embarrassed were the rate to drop suddenly.

While the banks are also active in providing finance for *Saudi* contractors, *the big* international contractors will generally go to their own regular banks overseas to finance that part of their expenses that is incurred in foreign currencies. Where the banks in the Kingdom are involved is in the financing of local currency requirements and in the issuing of bid and performance bonds, which have to be in riyals because the contractors are required to bid in riyals. In some instances the sums involved have been so *big* that banks have taken to syndicating the guarantees among other banks in the Kingdom, and on at least two occasions guarantees have been syndicated internationally.

What further significant innovations there have been during the past 12 months have been caused, ironically, by SAMA itself and by Articles 6 *and 8 of its banking regulations.*

Both of these articles have been in force for many years. Article 6 states that banks taking domestic deposits amounting to more than 15 times their capital plus reserves within the Kingdom must keep reserves of 50 per cent. (as opposed to the normal 25 per cent.) of these additional sums in cash, which in most instances means on deposit *interest-free with SAMA.* Article 8 states that banks should not give loans, guarantees or overdraft facilities or open letters of credit for a single borrower within the Kingdom worth more in total than 25 per cent. of their reserves without SAMA permission, and that in no circumstances should they give loans to a single borrower exceeding 50 per cent. of their capital plus reserves.

SAMA has not in the past allowed increases in foreign banks' capital, partly to encourage them to agree to its long-standing aim of Saudisation, but the banks have to some extent been able to mitigate the effect of Article 6 by building up their reserves. Article 8, however, was more easily circumvented by the foreign banks pretending that the regulations applied to the capital and reserves of their parent group and by SAMA turning a blind eye to their transgressions.

What changed last year was *that SAMA, after having for* some time hinted that it was thinking of tightening up, began enforcing Article 8 with the specific intention of pressuring the banks into agreeing to Saudisation (involving the *transformation of branches into* Saudi companies in which the foreign banks have 50 per cent. or less of the shares) and so being permitted to increase their capital. The banks therefore began channelling their *loans through banks in the Gulf* —referring borrowers to institutions in Bahrain, say, and then lending the amount of funds required for the loans to the banks in question. At the same time they also circumvented Article 6 by referring depositors to banks offshore and arranging for these institutions to on-loan the funds to the banks in Saudi Arabia that had initiated the proceedings.

In the short term these procedures provided a fairly convenient solution to the foreign bank's difficulties, but in the long run it is feared that the introduction of borrowers and depositors to banks outside the Kingdom may result in a permanent loss of busines for the banking system in Saudi Arabia.

A further result of the move towards offshore dealings has been to increase the drift towards the internationalisation of the riyal. This is probably a more or less unavoidable process which is being brought about not only by the banks' operations offshore but also by the Bahrain OBU's extensive use of the Saudi inter-bank market, the beginnings of international riyal bond issues, and *the habit of foreign contractors,* who are paid in the Saudi currency, of selling the riyals they will receive on the forward market, and also buying riyals forward to finance some of their local currency costs. There are now quite significant markets for riyals in London, Frankfurt and Bahrain.

Opposed

SAMA is very much opposed to the internationalisation of the riyal for the good reason that it fears that the accumulation of large numbers of riyals in foreign hands will result in speculation and pressure for a revaluation. In virtually every respect SAMA is an extremely conservative institution, and whereas in some ways this has been a benefit for the Saudi banking system, in others it has put a brake on the development of banking in the Kingdom.

In the past it used sometimes to be *suggested* that SAMA's conservatism stemmed from its being unable to shake off the habits acquired in the early days of Anwar Ali (SAMA's Governor from 1958 to 1974) when the central bank was *operating in a country which* was virtually bankrupt. Or it may be that the holding back of development in the banking sector (which is after all a sensitive area for religious reasons) was part of King Faisal's policy of letting change take place in Saudi Arabia in the gradual fashion which he had determined would allow the Kingdom to retain its Muslim and Arab character.

At any rate it now seems probable that since 1974 the Government has decided to let the system develop—once it has created the type of banking community it wants through the process of Saudisation. When this transformation is complete, the expected increases in the banks' capital and the spread of branches of the former foreign banks into parts of the Kingdom outside Jeddah, Dammam and Khobar should quite quickly transform the whole character and scale of banking in Saudi Arabia.

M.F.

Capital market

The setting-up next month of the Saudi Investment Banking Corporation should stimulate the development of a capital market. It will be funded mainly by long-term deposits and should in addition aid investment in industry.

APRIL 3 this year should see the opening in Riyadh of the Saudi Investment Banking Corporation (SIBC). This institution, capitalised at SR30m. ($845m.) and owned by the three Saudi commercial banks, the General Organisation for Social Insurance, the Saudi public, and the foreign banks Chase Manhattan, Schroder Wagg, the Industrial Bank of Japan and Commerzbank, has a dual purpose. It is intended partly to aid the development of Saudi industry by giving long-term loans and undertaking related feasibility studies, consultancy work and project development, and partly to stimulate the development of a Saudi capital market. It will be funded largely with long-term deposits from the Saudi State pension funds, though it hopes also to attract long and medium-term deposits from other institutional and big private sources in the Kingdom, and will be going to the market for its short-term requirements.

In practice it seems that the major part of the new bank's work will be to fill the gap between the Saudi Industrial Development Fund (SIDF), which will normally finance 50 per cent. of an industrial project's capital requirements and charge an interest rate of only 2 per cent., and the short-term orientated operations of the commercial banks.

Typically, if the promoters of a project were to put in a share of 25 per cent. of total capital requirements as an equity contribution (and in many cases promoters prefer to go for rather steeper levels of gearing), and the SIDF were to lend a further 50 per cent. of requirements, the SIBC would be approached for the rest of the finance. It seems possible that the SIDF and the SIBC, both of which have strong ties with Chase Manhattan, will be operating in tandem on a great many projects.

Concerned

Long-term project finance is of course a fairly new phenomenon in Saudi Arabia—although it has been estimated by the SIBC's general manager that in the current year demand will reach some $570m. So far demand has been met by the commercial banks, and in these quarters there are already fears of some quite big losses if and when some of the projects financed were to collapse.

With interest being charged at only two per cent. on a large part of their capital, high gearing is not quite the same strain for Saudi companies as it is for companies elsewhere in the world. Even so, some bankers are concerned that in the event of a collapse the fact that the companies they have lent to have only small amounts of equity may make it difficult for them to recover as much of their loans as they would normally expect to get.

There are, furthermore, the considerations that foreign partners, having put in such small amounts of their own capital, will not be too worried about cutting their losses and withdrawing when things go wrong, and that the SIDF, being allowed to lend no more than half of the capital required, will not be in a position to step in, sack the management and help bail the company out, as State (and private) institutions have been known to do elsewhere in the world.

The promoters of projects favour high gearing on the reasoning that if they can retain their own capital for more profitable operations in land and property and can finance their more risky operations in limited liability companies with bank loans so much the better—especially as high gearing will help improve the normally poor rate of return (by Middle Eastern standards) that they can expect on industrial investments. Promoters also tend to regard a loan from the SIDF as a sort of official endorsement of their projects which entitles them to further loans from the banks, even if their feasibility studies have been of extremely low quality—as they often are.

In these circumstances, although the commercial banks will certainly continue to play some role in financing industry in future, they will probably not be sorry to see a new institution shoulder part of the burden at this stage—partly because of their fears over the viability of some projects, but also because they are at present fully occupied in coping with the colossal expansion of their traditional business.

With the demand for industrial loans now being met, or about to be met, almost entirely by the SIDF and the SIBC, and with industrial operations in Saudi Arabia still something of an unknown quantity in terms of profitability, it seems that there will for some time be little scope for banks arranging the issue of bonds by Saudi borrowers and their sale to members of the public.

In theory the SIBC might itself issue bonds in order to raise additional capital, as the Industrial Bank of Kuwait has done. But the issue would be complicated by the fact that the payment of interest is still officially illegal in Saudi Arabia, which means that the bonds would have to be issued at a discount. Anyway, SIBC would have little incentive to issue bonds in the market when it can obtain funds at slightly lower rates direct from the Government pension funds.

Internationally there have already been four riyal bond issues—two for Spanish Government authorities, one for the Moroccan State Development Bank and one for Algeria—all managed by the National Commercial Bank's investment banking department, which receives assistance from First Boston Corporation.

In these operations one of the main problems lies in obtaining the approval of the Saudi Arabian Monetary Agency, which since early last year has become more cautious in its attitude to international riyal bond issues and, it seems, is now likely to give its approval only if the borrower is an Arab country. A second problem is in finding first class borrowers (these being put off by fears over the exchange risk involved) and without first class borrowers it is more difficult to mount a major retail operation for the bonds.

The trouble is that for the more sophisticated investor in Saudi riyals there are more profitable investments to be found than riyal bonds, while in their external investments Saudis generally go for blue-chip securities—one of their prime considerations being the safety of their investments.

Deposits

Consequently, even though it is always prepared to buy back the bonds from investors—hoping that in time Saudis will start to look upon bonds as being something which can be as liquid as bank deposits—the National Commercial's retail operation has met with only limited success. Some of the bonds are traded on the interbank market, but a lot are kept in the Bank's own portfolio. The bank has had more success in retailing Euro-dollar bonds locally.

It seems therefore that in the short term the only really promising prospect for developing a riyal bond market would be to arrange for an issue by a big blue-chip name foreign contractor carrying out a project in Saudi Arabia, and needing to borrow riyals to finance local currency expenditure over and above that provided for by the progress payments it would receive. In this case the borrower would not be put off by the exchange risk and would stand a good chance of meeting with SAMA's approval.

In contrast to the bond market the equity share issue market is clearly going to be quite active during the next few years. At present there are only some 20 shares quoted in the Saudi market (if one excludes the shares of the minor electricity companies), but in the near future, quite apart from the shares in various industrial, real estate and service companies that are likely to be issued, there are certain to be some six to eight issues of Saudised bank stocks.

The idea of Saudisation, involving the transformation of the foreign branches in the Kingdom into Saudi companies in which the foreign banks will have only a minority stake, is an old one which the Saudi authorities have been pursuing since early this decade. Despite their being allowed to increase their capital and open branches in Riyadh (where so far only Citibank of the four Western institutions in the Kingdom has been allowed a branch) none of the banks responded to the Government initiative until SAMA started putting pressure on them last year.

Since last summer, however, the United Bank of Pakistan has become the Al Jezira Bank, while the Algemene Bank Nederland is in the process of becoming the Bank al Saudi al Hollandi — it is shortly to make a public share issue — and Banque de l'Indochine and the British Bank of the Middle East (BBME) are at different stages in their negotiations with the authorities preparatory to their obtaining their Royal decree. At an earlier stage in the pipeline are the Arab Bank and the Banque du Caire.

Opposed

Originally the BBME was strongly opposed to Saudisation, fearing that its agreement to this principle in Saudi Arabia could lead to a similar transformation of its operations in the Gulf States as well, while Citibank opposed the idea partly on grounds of group policy and partly because it did not want to have to share the profits from its highly successful operations in Riyadh with other parties. There has been no news of whether the Saudis have held discussions with Citibank, or whether Citibank's attitude has mellowed in line with the change of policy at the BBME.

The latter decided last spring that because Saudisation had clearly become inevitable, it would be as well to resist no longer so as not to be the last bank to benefit from the extra capital and new branches which Saudisation would involve. Accordingly its policy is now to be Saudised as quickly as possible—though it is unlikely to open its doors as the Bank al Saudi al Brittani (as it might logically be called) before the end of the year.

Despite the fair number of share issues that there are soon going to be in Saudi Arabia there appears to be little scope for any of the commercial banks or, more important, for the Saudi Investment Banking Corporation to develop an active business in underwriting or managing the issues. It is certainly recognised that one has to be fairly careful in arranging for a share issue to be bought by a large number of the public and not taken up mainly by a few big merchants. To arrange a wide distribution of shares it is now common practice to advertise the issue in all the newspapers, give the shares a reasonably low face value, set a ceiling on the maximum number of shares that may be bought by any one person, arrange for every branch of the Riyad and National Commercial Banks (so far the only two banks with extensive branch networks) to distribute the prospectuses and receive citizens' application forms, and, finally, have well known and confidence inspiring names on the Board—as the Al Jezira Bank has Abdel Aziz Sulaiman and ... Saudi al Hollandi ... Ahmed Juffali.

Telecommunications

Three years ago getting an international telephone call was highly problematical, but since then telecommunications have improved immeasurably. To achieve this the planned expenditure in this sector has been comfortably exceeded.

IN NO OTHER sector can the fiscal objections included in Saudi Arabia's 2nd Development Plan have been so awry as they were for the telecommunications and postal services. Appropriations in the last two budgets have comfortably exceeded the total of SR4.22bn. ($1.19bn.) originally envisaged for the full 1975-80 period—and with good reason. By the current estimates of the Government that sum would only just cover the cost of the nationwide, sophisticated switching project aimed at raising the number of automatic telephones from 200,000 to 660,000 by 1980. Philips, the Dutch company singled out for direct negotiations about a year ago, is believed to have stuck at a price in the region of SR20bn.

Whatever the explanation for this differential, there can be no doubt that Saudi Arabia will have to make heavy capital expenditure to obtain a telecommunications system — internal and external — befitting its aspirations and requirements.

Telecommunications links between the main urban centres of the Kingdom and the outside world have improved immeasurably. Even three years ago it was a matter of luck rather than judgment if an international call booked well in advance came through at anything like the required time. It was almost as problematical calling from Riyadh to Jeddah, or vice versa, unless one could call upon special attention. Only in 1973 was it possible to allow such private businesses as banks the luxury of telex links to the outside world.

With the installation of ground satellite stations in 1974 international communications became very much easier. Then towards the end of 1975 the link across the "spine" of Saudi Arabia became operational—microwave from Jeddah to Taif and onwards by co-axial cable to Riyadh and to Dammam which was connected in the early part of this year when Sirte of Italy completed a SR200m. contract. Since then two earth satellite stations have been installed by the Mitsubishi Electric Company of Japan, enabling it to move the mobile ones to improve communications in the north-west around Tabuk, and in the south-west around Abha.

Actual performance in developing telecommunications fell well short of the targets of the first plan which gave fairly high priority to the sector and set out to provide a system of automatic telephones over a wide area of the kingdom. The 93,600 lines in operation at the end of 1974-75 compared not unfavourably with the objective of 137,000 but they were concentrated in the three main urban centres, leaving the rest of the country to continue coping with manual exchanges.

Uncertain

Replacing the uncertain high frequency radio previously used, the cross-country link connecting Jeddah, Riyadh and Dammam completed the first of three phases of the programme for giving 90 per cent. comprehensive coverage of the kingdom. The number of telephones now installed is 170,000 and should soon reach 200,000. L. M. Ericsson of Sweden last summer started implementation of a SR11m. contract for the supply and installation of automatic equipment in various parts of the kingdom as an interim measure for improving the internal system.

However, in telecommunications as in other fields of physical infrastructure, the improvement and expansion of services has so far not been sufficient to keep pace with demand. The central backbone soon became heavily loaded. Similarly, the satellite ground stations—whose initial capacity of 60 channels being raised to 250—have been inadequate to keep pace with the growth of international traffic.

In itself the creation in 1975 of the Ministry of Post, Tele-

graphs and Telephones ... recognition of ... quicker and more ... velopment. As yet ... yet begun on the third phases of the programme for providing ... dom as a whole with ... hensive microwave ...

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The housing aims of Saudi Arabia's development plan have so far proved impossible to fulfil—accommodation is in short supply and is extremely expensive. But the next few years can be expected to show an improvement.

Housing

he acute pains from growth that Saudi suffered, the short- herefore, expense of ition has probably worst. Even before res from higher oil ve an unprecedented ist to the inflationary squeeze on available s being felt. The in- mentum of the deve- rogramme inevitably d the problem itself intensified the pres- available manpower, naterials and port Most serious for the t has been the a middle-class and ne tenants from the scalation of rents at he time when the et out, in the words l Plan, "to enable hold in the Kingdom decent, safe and elling of a standard with its level of

ition of the scale of can be seen from Arabian Statistical cost-of-living index. urdly low weighting of social standards tions, it is acknow- ne obsolete and is ndergoing revision. d a 70 per cent. rise years from 1971 to red with the overall r cent. recorded for 1975 it went up a per cent. — more he 35 per cent. rise cet as a whole. Cer- index would under- difficulties encoun- ose Saudis on fixed o were not already n of suitable accom- s owners or sitting d the even more ab expatriates who ct the same protec-

a growing social the Government increases to 5 per cent. in 1975 and froze them for 1976 giving tenants security of tenure except where the owner required a property for his own use. For the current year it has been decreed that the rates charged should not be more than 15 per cent. above those effective before January 23. Yet in itself the formation of a special committee to mediate in disputes and review legislation on rents is an indication that malpractices are still going on.

For expatriates in the professional, executive and diplomatic category costs of housing *are as high as any in the world*. Rents are reckoned to have levelled off in 1976 at $20-30,000 for the type of housing in *Jeddah or Riyadh of the type* which they want. This would be as much as ten times the rate before 1973. There has also been the intensive speculation in land suitable for residential accommodation especially on the perimeters of the built-up areas of the main urban centres.

Special

Well-qualified expatriates, for the most part Americans and Europeans, have been in a special situation. Almost invariably the cost of their accommodation would be covered by their employer — otherwise, it would not be worth taking up any post in Saudi Arabia. The expense of housing has been one factor in the "inflated bids" of Western companies and as such has not been ignored in the general furore. Unaccustomed to oriental bartering, foreign concerns may often have paid more than necessary. Sheikh Hisham Nazer, *Minister of Planning*, cites the example of one renting a villa worth SR60,000 for SR400,000. "Now I think that they have come to the point that the situation which they created was intolerable even for them."

Under regulations introduced last year foreign concerns carrying out projects worth SR100,000 or more are responsible for or are obliged to build *their own facilities — both* office and residential — on rented land. They were the "cause of the problem," alleges Sheikh Nazer. Undoubtedly, expatriates were mainly responsible for the inflation on costs of what might broadly be termed middle-class housing. Yet even before their intensive influx began three years ago *the housing situation of the* Kingdom as a whole was deteriorating.

The Ministry of Planning calculated that only about 75,000 standard or better dwellings were constructed in the 1970-75 period, compared with a requirement for new ones and replacements of 154,000. A distinction should be made *between standard and better* accommodation. In the first half of the decade the needs of lower-income families, resulting from rapid economic development and rural depopulation would have been mainly responsible for outstripping supply to such a numerical extent. Socially, over-crowding and the build-up of shanty towns was as worrying as the squeeze on modest salary earners from rack-renting landlords.

Official recognition of the need for action at a State level came in 1971 when the General Housing Department was set up at the Ministry of Finance. It subsequently went ahead with the construction of 2,500 *dwelling units for low-income* families — which have only been completed recently. The Saudi Real Estate Development Fund was established by the Government and is now making a big contribution to the solution of the crisis. In the administrative reshuffle of 1975 this was made the responsibility of the new Ministry of *Public Works and Housing*.

It was recognised in the 2nd Plan that the objective of providing decent housing to every household could not be acheived until some years after 1980. Nevertheless, it set the *target of constructing* 219,000 units (excluding temporary accommodation for workers engaged on contracts). Apart from the preparation of 44,300 plots for self-help construction, the public sector's share was set at a modest 52,500. After a slow start the Ministry eventually awarded contracts last year for 41,750 units in Riyadh, Jeddah, Damma-al Khobar, Mecca, Medina and al Khafjii.

Another development for low-income families in Jeddah, *involving high-rise blocks*, is understood to be in the final stages of negotiation.

Sensibly, the Government is concentrating on the low-income families. It appears to have good reason for its confidence that the private sector can respond to the challenge of providing the better class of accommodation required. *In the first 18 months of the Plan's implemen*tation it had already achieved one third of the target laid down In Jeddhah where the *expansion to the north-west and* north-east of the city is impressive, there is currently even a surplus of quality accommodation—which may be temporary but has had the effect of reducing rents demanded.

Of critical importance has been the cheap finance channelled by the SREDF to individuals and developers. In 1975-1976 it made *no* less than 33,000 loans for private buildings with an approximate value of SR8m. By November, when its capital was increased from SR9bn. to SR12bn., 14,500 more advances worth 4bn. had been made. In addition 270 loans valued at SR810m. had been extended for the construction of commercial buildings.

Rebate

The SREDF is empowered to finance up to 70 per cent. of houses constructed for personal use and 50 per cent. of those built for investment. Under a *subsequent measure* the former category qualified for a 20 per cent. rebate on building costs. Administered through the branches of three commercial banks, the call on the Fund's resources has far surpassed the *expectations indicated by the* initial capital of only SR750m.

With the backing of this cheap money local entrepreneurs have not been in any way slow to appreciate the profit opportunities presented by the housing shortage. They are also readily availing themselves of the advantage of prefabrication and building systems as *customers of or in partnership with* foreign expertise. With the easing of port congestion construction materials, in particular cement, have become cheaper and soon Saudi Arabia should be benefiting more fully from the significant industrial capacity—with an actual over-capacity in prospect—to produce them itself.

R.J.

Telecommunications

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frequently the case — it is overloaded or breaks down. At the same time the plan is to increase the capacity of the backbone by increasing the number of multiplexes along the line, effectively raising it from 1,800 to 10,000 channels.

The Ministry of the PTT's estimate of SR900m. will probably be well exceeded by the lowest bid — believed to have been made by a consortium made up of Sirti, Siemens and Teletra — although not to the extent of the Philips's price for the automatic switching system. The discrepancy between it and the one which the Ministry of PTT regards as reasonable must in part be accounted for by the sophistication of the equipment required. It has so far wanted an software-programmed electronically controlled switching system that would allow, amongst other things, any malfunctioning to be located at the operational control centres at Jeddah and Riyadh.

Any substantial reduction in the scale of the cost envisaged by Philips would no doubt mean *a reversion to a simpler technology.*

After the direct negotiations were called off the project was put out to limited tender among 11 leading companies including Philips. It is the *biggest undertaking of its kind* yet to be put out to bidding in the world. For Saudi Arabia it will involve increasing the number of telephones in operation from 200,000 to 660,000 with a threefold expansion for Riyadh and Jeddah — from 50,000 to 170,000 and 50,000 to 150,000 respectively—but also a big extension of service to smaller towns by the end of the Second Plan period.

This foresees the provision of at least 20 telephones for every 100 residents in the larger cities and five per 100 in the smaller towns. Under a separate contract Gentec and ITT are installing new telexes so that the total operating in the Kingdom should be over 5,000 by the middle of this summer and up to 15,000 by 1980.

The Saudi Ministry of PTT has criticised its consultants, accusing them of fixing specifications to suit particular bidders *and exaggerating costs in collusion* with contractors. Seeking safety in numbers it is to use no fewer than four consultants in its employment—A. D. Little; Preece, Cardew, and Ryder; Swedetel; and Norconsult — appraising new bids for the switching system as well as seeking the advice of the International Telecommunications Union.

Connections with the Gulf and the outside world generally will be improved by the project for a co-axial cable and microwave link between Dammam-Jubail and Bahrain being undertaken by Ericsson. A submarine cable is to be laid from Jeddah to Port Sudan. More important, given the weight of international traffic with the U.S. and Europe, is the third satellite ground station to be built near Jeddah for which bids are currently *being evaluated.*

While its own facilities have lagged behind fast expanding demand, Saudi Arabia has been one of the prime movers behind the project for a pan-Arab satellite. Discussion on it *dragged on for several years in* the Arab Telecommunications Union until final agreement was reached on going ahead with plan. Responsibility for putting it into an orbit designed to give the Arab world a comprehensive system has now been made over to a special organisation.

The Kingdom will provide the headquarters for this entity in which it now has 26 per cent. of the $100m. capital so far provided by 12 countries. When it does go into orbit the Arab satellite should provide the focal point of a comprehensive system of telecommunications for the Arab world which at present is desperately fragmented in this respect. It will be designed not only for telephone and telex services but for TV and radio transmission as well.

R.J.

A massive programme to improve the country's roads has been undertaken over the last 12 years. It is aimed both at coping with the rapid rise in traffic and also opening up the more remote areas of Saudi Arabia.

Roads

ONE OF Saudi Arabia's most striking achievements over the past 12 years has been the building of a road system which links the main cities and towns of the Kingdom and which has greatly increased the country's development potential. With the economic boom traffic is constantly increasing, and during the Second Plan period the Government intends both to improve the existing road system to cope with the extra traffic and to extend the system to the more outlying areas of the Kingdom.

By the end of 1976 there were estimated to be about 14,000 kilometres of asphalted roads in the Kingdom and a further 8,000 km of earth surface feeder roads. The most important road runs across the Kingdom along the Jeddah-Riyadh-Dammam axis, but it is also possible to cross from the Red Sea to the Gulf via Medina and then to Riyadh. Apart from the road running alongside the oil pipeline from the Jordanian border down to Dammam and the Gulf States, there is an asphalted road running from southern Jordan through Tabuk and Medina to Jeddah. Feeder roads are probably densest to the north of Riyadh, where population is relatively heavy, and in the Jeddah and Dammam areas.

Estimates of traffic vary but the Ministry of Communications reckoned that at the end of 1975 there were about 330,000 vehicles in the Kingdom. With imports steadily rising there are probably more than half a million vehicles in Saudi Arabia. Though the 562km. railway from Dammam to Riyadh operates one freight train a day in each direction the bulk of the country's freight, and all of it entering the Kingdom at Jeddah, is carried by road. With the congestion of the ports more and more traffic has been taking the overland route from Europe to Arabia via Turkey.

The main needs of road development are to relieve the pressure on the Jeddah-Riyadh-Dammam axis and to improve the north-south links. But the Government also wants to provide road links to the remote areas of the Kingdom, and to improve its road connections with all its neighbours. With vast distances to be covered, and in many cases only small groups of people to be linked up, some of the road projects have only limited economic justification. But the Government argues that there is a strong social justification for road building, that roads generate their own traffic and that the country cannot be fully developed economically without a complete road network.

Detour

The original Riyadh-Jeddah road was designed to link as many centres of population as possible, and so makes a large and time-consuming detour round to the north. A more direct route to the south is being developed: so far the most easterly quarter of this road is virtually complete, and two other quarters are under construction. But the fourth quarter, whose construction is essential if the other sections of the highway are to carry more than local traffic, has not yet been put out to tender, for reasons which remain obscure. The Government says, however, that it will be included in next year's budget. The Ministry of Communications now intends to make the whole Jeddah-Dammam link a dual carriageway, while the Tapline road is also to be dualised.

Other highways which the Government intends to see built during the plan period include links between the Riyadh-Hail axis and the Tapline road, cutting out the long detour via Dammam which traffic from the Central Province of the country has to make to reach the Kuwait border. In the far north of the Kingdom Al Qalibah and Al Jawf are to be linked, and parts of a new route connecting Jeddah to the Jordanian port of Aqaba along the Red Sea coast are already under construction. South of Jeddah two new roads will take traffic to Abha, Jizan and the North Yemen border, one, which is under design, along the Red Sea coast, and the other, parts of which are already complete, taking a spectacular route through the mountains. Saudi Arabia is expected to finance the linking of these roads inside North Yemen at Hodeida and Sadah.

A road running south from Riyadh towards North Yemen and the south west of the Kingdom is also to be extended to provide a direct link between these areas and the capital. In the longer term a further trans-Arabian road is to be constructed passing through Hail.

Although in the last financial year only about two-thirds of the planned 3,000km of asphalted road was completed, progress is expected to be better this year with the freeing of some of the constraints on supplies of cement, asphalt, steel and other materials. The intention is to build 13,066km of asphalted road and 10,250km of earth surface road.

The roads are designed for the Saudi Ministry of Communications by a number of consultants including BMMK and Partners, of the U.K., which has designed and is supervising the direct Riyadh-Jeddah route, and the U.S. firm Wilson Murrow, which is at present concentrating on a complex of feeder roads in the Riyadh area; among the others are Sauti and Italconsult from Italy, the latter involved in the mountain roads of the south west, Edco, a German/Iranian concern, and the Japanese company International Pacific.

While the mountain roads present their own problems of design, since the rock is not always as solid as it looks, one of the main problems in the desert is predicting where floods will occur during the rare but heavy rains. The first consultant to insist on installing large bridges and culverts in the middle of the desert was laughed at until roads designed by other consultants were washed away. For both consultants and contractors other problems in the construction of roads are trying to avoid drifting sand and crossing "sabha," which is soil stabilised with salt. But Saudi Arabia is rich in the raw materials of road construction, with rock and aggregate in plentiful supply, and, of course, sand.

Tender

Contractors tender for road construction contracts—there are virtually no negotiated contracts—and the Ministry of Communication usually takes into account the recommendations of a technical committee before choosing tenders. Many contracts are awarded to Saudi companies such as Binladen and the Safa. But despite the partnership of professionals from other Arab countries not all Saudi companies have the organisational ability to handle the major construction jobs, and there have been some failures. But western companies—which include American, Swiss and Italian concerns—are hampered in tendering by their higher overheads, even though their knowhow is acknowledged to be superior.

The Plan calls for the spending of a total of SR14bn. on roads, of which nearly SR11bn. is allocated for actual construction. The Plan suggests that the cost per kilometre works out at about SR750,000. But while the cost per kilometre is very dependent on exactly what type of roads are actually built, and there are strong indications that the SR750,000 estimate is well below the true figure. In the draft version of the Plan it is stated that the cost of road construction during the First Plan period was SR976,000 per kilometre, so that even allowing for the possibility of economies of scale the cost under the second plan is most unlikely to be below that figure.

Saudi Arabia is a major market for road building equipment, since with labour relatively costly ar accommodate in construction is mechanised. Th course, a big mark and cars, of which virtually no share shortage of trucks serious proportion that exorbitant charged for the J run, and for a ti truck drivers from make a fortune pl port and capital. has now eased son

A more dista which would offer opportunities is th of constructing a Riyadh to Jeddah burden of traffic o The project is bei by a ministerial which is also conte idea of building a line between Dammam, since the takes a somewha route. But neithe included in the P. prospect of econo for either project outside observers t However, the Plan a study of the exi facilities and possib of the track.

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The Government is devoting considerable sums of money in order to maximise the Kingdom's agricultural potential and thus reduce the dependence on imported food. But development is hampered by the influx to the towns.

Agriculture

THE DECLINE in the relative share of foodstuffs in total non-oil private imports by Saudi Arabia by about 6 per cent. over the past five years does not, unfortunately, mean that the Kingdom has lessened its dependence on overseas supplies. The reality is that official projections about progress towards agricultural self-sufficiency have not been fulfilled in recent years. Even allowing for extra requirements as a result of the large influx of foreign labour for the Kingdom's massive development programme, the discouraging evidence is that imports of cereals, vegetables and fruits more than tripled during the period, while livestock and killed meat imports more than doubled. Total food purchases in 1975 (the most recent year for which accurate figures are available) were the equivalent of £394m.—nearly 360 per cent. more than four years previously.

The lack of reliable recent statistics on agricultural output makes the precise position difficult to portray. What is more statistically evident is that food subsidies during the 1976-77 fiscal year have been set at nearly SR1bn. This month the list of staple commodities was extended to cover both locally-produced and imported sugar—which is likely to have a rather more salutary effect on partially containing rising food prices than the "increased supplies through expansion of infrastructure" as suggested by Government planners.

Policy

This is not to suggest that the Saudi Government is not spending money on agricultural development in pursuit of its clearly stated policy of maximising the Kingdom's potential in this field while minimising dependence on imported food stuffs. Budgeting on the basis of broad policies enunciated in 1974, the Government allocated more than SR3.84bn. for agricultural development (not including some regional projects) under its Second Plan. While this sum represents less than 1 per cent. of total expenditure as originally projected for the 1975-80 period, the sector will benefit from the very much bigger provision for the exploitation of water resources. This, of course, is a key element in any arid-zone agricultural programme. Further, while the Saudi Government appears to be paring some sections of its obviously over-ambitious five-year plan, it is hardly likely that expenditure on agriculture and water would be among those cut. Their immediate productive and anti-inflationary properties, if nothing else, will presumably be sacrosanct.

Official pronouncements, meanwhile, remain bravely optimistic in the face of the few reported and many rumoured setbacks. Agricultural sector growth during the First Plan period was calculated at 3.6 per cent. annually compared with a 4.6 per cent. target. The reason then given was "certain non-financial constraints." Consultants are still learning, for instance, that it is possible to tap subterranean aquifers to green the desert only to establish feeding grounds for a voracious surrounding insect population. But the Government nonetheless regards any sustained steady growth as encouraging.

Priority is being given to programmes aimed at increased production and development of rapid economic marketing facilities, especially for vegetables and fruits. The official belief is that Saudi Arabia is virtually self-sufficient in all vegetables except potatoes and in many varieties of fruit, although frequent domestic shortages tend to belie this. Vocational training schools are being established. Use of improved seed, fertilisers and insecticides is encouraged and suitable farm mechanisation expanded. In support, agricultural credit is being further extended. Farmers elsewhere in the world might struggle and even collapse through want of financial assistance, but those of Saudi Arabia certainly cannot complain.

Since its establishment more than a decade ago, the State-Financed Agricultural Bank has made more than 50,000 mostly medium-term loans for a total of more than SR300m. The number and total value of these loans showed a very marked rise in the 1974-75 financial year, indicating some success in the Government's efforts to stimulate renewed enthusiasm for agricultural production. Credit advanced in recent years was largely designated for vehicles and machinery, livestock, labour and capital works.

Another stimulus is given through an attractive programme of subsidies. On the input side, subsidies of 30-50 per cent. are available for purchases of farm machinery, fertilisers, animal feed concentrates and dairy and poultry farms, while large-scale dairy cattle transportation is wholly paid for by the Government. On the output side, subsidies of at least SR0.25 per kg. are given for wheat, sorghum and rice, plus SR10 per head of sheep raised and SR50 per camel.

One outstanding success has been recorded. Wheat production, for instance, rose by 68 per cent. to more than 150,000 tonnes in 1974-75—two-fifths of the 1980 target. This increase is largely accounted for by the higher-yield Maxipak variety, which the Government intends to extend to the entire area under wheat cultivation by the end of the Plan period.

The Government is also pleased with the growth and expansion of poultry farms, which are expected to be producing a total 20,000 tonnes of chickens and 140m. eggs a year by 1980. But recent growth apparently was not sufficient to offset an egg shortage earlier this year that doubled and even tripled the price to consumers. The State is persevering, despite the expense, with the establishment of livestock and dairy farms—Jerseys and Friesians do well in suitable areas—in its attempts to fulfil self-sufficiency targets.

Initial

The first stage of the Government's grain silos and flour mills project at Dammam, the major port on the Gulf coast, is expected to be completed in July, providing an initial 20,000 tonnes storage capacity; the second and third stages, scheduled for completion in 1979, include construction of a flour mill and a feeds plant, and boosting storage capacity to 80,000 tonnes. Total cost of the project, according to the Minister of Commerce, Dr. Sulaiman al-Salim, is £40m. In the meantime, the Minister of Municipal and Rural Affairs, Prince Majed, has just awarded contracts worth a total of more than £13m. for slaughterhouses in Taif, on the western scarp above coastal Jeddah, and at Abha in the south; the Government has already established similar modern facilities in Riyadh, Jeddah, Mecca, Medina, Dammam and al-Khobar.

Saudi Arabia is believed to produce about 40 per cent. of the mutton which it consumes. This is not surprising when one considers the nomadic origins of a great part of the population. For their part, the bedouin have proved adaptable in switching to sheep, a better ea rather than the pa lands cover a vast peninsula, but ov they have becom exhausted. For so as economic, Government is tr an answer to this

The Governme neglecting the potential of the c monitoring utilisa distributed under begun in 1969 500,000 or so acr been distributed can be granted 3 each and compani dunames, but actu is not transferre applicant has s authorities of his exploit properly question.

The single mos aspect of the development progr increase in the ir from 120,000 to 170, to supplement t lands, mostly in th of the country. reckoned to cover a hectares. By 1980 it that the total amou required for irriga 2.5bn. cubic metres pared with 1.85bn. an effort to reduce c consumption of dif types, experiments carried out to efficiency of variou practices. At the the intention is to ex irrigated lands in la Average holdings Arabia are small—re wide and fragmented of date gardens in t and Eastern Provinc

Some progress is l in extending the irr In 1975 the local c for the operation tenance of the Al A tion and drainage sch another 3,000 hecta 8,000 already under there. A French co been appointed to d administer water there. A training

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Major projects are underway in desalination and the exploitation of extensive underground water resources, but Saudi Arabia will continue to face a water shortage in the near future. Large areas are still uninhabited because of lack of water.

Water resources

ninety per cent. of Saudi 900,000 square miles is that it can only be used by the nomadic stock-Bedouin. Rainfall over the country is less than per year on average, it one of the most arid in the world. In places ay be no rainfall at all ral years on end. south of the Kingdom ast sand desert of the Quarter, much of which y uninhabited because of water. The Empty covers an area of some square miles and is than the whole of the existence of an area d of features worried y map makers two or nturies ago to such an at they were tempted with imaginary rivers, l settlements. In fact it l empty.

are three possible of water available in rabia to-day, none of without its disadvantfirst and most obvious is the exiguous annual which is, however, nreliable with precipivarying widely from year. The only area of ntry which receives rainfall to support re is the Asir in the st. Here the summer contributes to give an rainfall of some 30 there is extensive terculture.

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ere in the Kingdom of drought may alterfierce downfalls which e highly destructive ds. In the spring of Jeddah region was hit npour such that neighwadis ran in spate and lls and waterpipes the city were des The ironical conse f a heavy rainfall was city was extremely water for the following oths while extensive ere undertaken.

aquifers of geological ater lie under the rock pecially in the east and northern districts, such This supply is more han the fickle rainfall to-day the source of water. It is however ately expendable; most having entered the some 20,000 to 40,000 o during periods of ainfall in the past. ngdom's most prolific f water is, of course, ff its two long coastast and west. The sea n never be exhausted er can it be used withexpensive process of on. With the Kingaring water needs to requirements of the nding urban populavell as the demands of trial development pro-re is no viable alterna-desalination at the

Until recently, rainwater provided for the Kingdom's basic water needs. Cultivation was concentrated in the wadis where surface and sub-surface water was readily available, or in the south-west where the winter and summer rainfall was adequate for terrace cultivation. In the western region, the ruins of pre-Islamic dams in the wadis especially around the Taif and Khaybar are witness to the fact that water control proved worthwhile even at a time when construction must have been far more difficult than it is to-day. Large cisterns to hold rainwater were also constructed in the past, especially along the Darb Zubayda, the pilgrim route from Baghdad to Mecca.

A dam-building programme has again been undertaken in recent years. Largest of these new dams is that across the Wadi Jizan which has a capacity of 71 million cu. m. of water and should allow the cultivation of an extra 6,000 hectares of land. The recently completed Abha dam, also in the south-west of the country, is likewise of substantial proportions and seven more dams have been built at Rabigh, Hafr al Batin, al Ghat, Jalajil, Shaqra, Thadiq, and al Olb. One of the ancient dams near Khaybar was renovated in 1975.

Rainwater still provides the lion's share of Jeddah city's water resources. Of the 25m. gallons a day which the city currently consumes, 20m. come from wells in the near-by Wadi Fatima and Wadi Khulays. A further 2m. gallons a day is to be extracted soon from Wadi Khulays where 11 km of pipeline are being laid to connect with four underground galleries. The water table in both wadis has been dropping rapidly over the past few years, since heavy extraction to meet the city's needs became the rule. Deeper wells and more powerful pumps are now needed to support agriculture in the wadis, cultivation of plants with a high water consumption has been discontinued, and in some places whole farms have been abandoned.

The city is expected to need to rely on the water resources of the wadis for several years to come, and extraction from these sources must increase. Water needs are calculated on a basis of 250 litres per person per day. Taking the 1974 population figures of 600,000 inhabitants, this would put the city's actual needs at 40m. gallons per day; in fact the population is now believed to have risen to nearer 800,000.

At present Jeddah receives 5m. gallons per day from its first desalination plant. Phase Two of this plant is expected to come on stream (on schedule) later this year and will provide a further 10m. gallons per day. Phase Three, which will add an extra 20m. gallons per day, will not be completed until 1979-80.

Riyadh, capital of the Kingdom and the other major city for which water resources are pressing, is fortunately situated in a region of vast underground aquifers which flow eastwards from below the western face of the Tuwaiq Escarpment. The main water supplies so far have been drawn from very deep wells in and around the town (some of the deepest used water wells in the world), and from the Minjur aquifer which outcrops about 100 km west of the city. The Upper Minjur is from 1200m. to 1500m. below ground and the geological water brought up from it is hotter than can conveniently be used. It has to be cooled from 52 degrees C. to 30 degrees C. before being fed into the network.

Riyadh already consumes nearly 40m. gallons of water per day for its population of some three quarters of a million whose consumption currently runs at the rate of 200 litres per head per day. With the rapid expansion of the city and its increasing beautification with gardens and parks, not to mention industrial developments, the needs are expected to rise to around 145m. gallons per day (530,000cu.m.) by 1981.

During the next few years the Ministry of Agriculture and Water will be exploiting other aquifers in the Riyadh district to provide for the rapidly rising needs of the city. This year a further 8m. gallons a day will be brought from Kharj Road and Wadi Guddaih: next year water will be available from the large Salbukh field 60km north of Riyadh, which will provide some 22 to 23m. gallons a day. In 1979 a further similar amount will be brought from Buwaybiyat, 60km north east of Riyadh.

Five years from now it is hoped that water will be available from the vast Wasia aquifer 110km to the east of the city. British consultants, Sir Murdoch MacDonald and Partners have carried out a study for the use of this aquifer and were commissioned in October last year to design a system for exploiting it. The total cost of the project will be about SR2bn. and the amount of water supplied will be some 55m. gallons (200,000cu.m.) a day. Forty wells will be sunk to a depth of 500m.

Recharge

The aquifers are so vast that the consultants consider that it will be quite impossible to exhaust them in the foreseeable future. The recharge rate, however, is low and as water is extracted the water table drops. This process is visible in the oasis of Al Kharj, south east of Riyadh, where surface rock strata have collapsed to reveal subterranean water at the base of great pits. This water is extracted for agriculture and the water level can be seen to have dropped 4 or 5m. in the past 10 years or so.

A further problem is that the salinity of the water increases with extraction. The salinity of Wasia, for example, is expected to rise to 1,250 ppm in a little over 20 years. It will therefore be necessary to desalinate this geological water to bring it within the range of 500 to 700 ppm salinity stipulated for Riyadh's future water needs. Riyadh's present water supply is treated in three separate treatment plants and a further two, using reverse osmosis are under construction.

The Ministry of Agriculture and Water's total allocation for the present financial year is SR2.336bn. This is nearly matched by the allocation for the Saline Water Conversion Corporation of SR2.207bn., to provide the Kingdom with its major water prospects for the future through desalination of sea water.

A process of seawater desalination had in fact been used in Jeddah since the start of the century when a distillation machine known as the "kindassah" (condenser) was installed in 1907. This machine and its successors were used until 1947 when water was first brought from Wadi Fatima. Thus Saudi Arabia holds the record as the first country in the Middle East to have produced drinking water by desalination.

In 1965 it was decided that Saudi Arabia would need to rely heavily on desalination for her future needs, and development of a wide ranging network of desalination plants was entrusted to Prince Muhammad al Faisal who now holds the title of Governor of the Saline Water Conversion Corporation. By the end of the present Five-Year Plan in 1980 the Corporation will be producing 212 million gallons daily: by the mid-1980s capacity is expected to be in excess of 418 million gallons per day and Saudi Arabia will be the largest producer of desalinated water in the world.

Major plants in operation so far are those at Al Khobar, producing 7.5 million gallons a day, and at Jeddah producing five million; small plants are operative at Umm Lujj, Duba, Wajh and Al Khafji. The future large plants at Medina, Wajh, Al Khobar, Jubail, Khafji, Uqair, Yanbu and Jeddah, due to be completed during the next five or six years, will be dual purpose. They will produce sweet water and electricity from the same power source, as Jeddah I already does. These plants are the most viable economically, although desalination must, under any circumstances, be an expensive process.

To date the ambitious desalination programme has gone smoothly and according to programme. Plants under construction are expected to be completed on time. In August last year, however, inter-governmental disagreements led to cancellation of the bids for construction contracts for several future plants. Most important of these was Jeddah IV (50 million gallons a day); others were Haql I, Duba II and Wajh II, all for 120,000 gallons per day. These plants were not finally put out to tender until near the end of last year. Contracts due to go out to tender in October last year were also delayed: of these Yanbu (5 million gallons) and Khobar II (50 million gallons) will go out to tender next month.

Despite the massive efforts being made in desalination and the construction of desalination plants, involving a total outlay of SR63bn. in the course of the present Five-Year Plan, and in the use of surface and geological water, Saudi Arabia still faces a water shortage in the near future. Jeddah, where present supplies fall well short of estimated needs, is expected to be hardest hit. Some fanciful solutions have been proposed, such as towing an iceberg from the South Pole into the Red Sea, parking it off Jeddah and cutting it up to meet the city's needs. However it seems that the only practical solution to the Saudis' water problems must be, as they have already decided, desalination no matter what the cost.

Bryn Williams

...riculture

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tablished under the of a UN expert.

ive irrigation canals g cut as part of the Jizzan development in the south of the by a Saudi concern a SR118m. contract in scheme should bring 5,200 hectares of land tensive cultivation by the waters stored by completed in 1971. on of the Tayif-Abhaad link should give a al boost to agricultural n in the region.

tants from the U.K., rope, the U.S. and are continuing feasidies of irrigation and schemes in the nd southern provinces. a permanent research n by the University of al-Hofuf, near the big and a newly built laboratory in Riyadh, rt capital. The most major contract to be is one for a SR137m. nent study by Water undwater Development nts (International), ointly by Hunting Techervices and Sir M. ld and Partners, the g engineers, to assess r resources and agripotential of the 350,000 kilometre Eastern

Arabia's newfound friends among the ng industrial nations forgotten in the comfor agricultural development contracts: Taiwan, for example, has just signed a co-operation agreement under which the kingdom will spend some £3.5m. over the next five years to finance demonstration farms, using its own technicians to train Saudi farmers.

The undoubted potential for increasing agricultural production and official ambitions may be fulfilled if the Government pushes ahead with proper exploitation of newly discovered underground water resources, is successful in introducing new farming techniques to maximise crop yields and can also distribute fallow land in parcels sufficient to accommodate commercially viable dry farming techniques. The relatively few billions at the disposal of the Ministry of Agriculture and Water could pay off handsomely. The biggest challenge, however, may be persuading people to stay on the land at all in the face of the easier money to be earnt in the booming urban centres. Facts and figures about the rural exodus are difficult to come by. But it is a problem which can only grow as the overall economic boom continues.

Obstacle

Rural depopulation increasingly is a major obstacle to long term agricultural development. It is not simply a matter of rural dwellers drifting to the cities in search of more remunerative and less arduous employment. The origins of this debilitating trend can be traced to the basic demographic make-up of the Kingdom which, the dwindling nomad community apart, is split between the city (of 150,000 or more people) which can support educational, health and other services and the village (up to about 5,000 people) which cannot. There is nothing much in between capable of supporting the kind of public facilities which Saudis now expect. In Saudi Arabia, the result is that the young people of the villagers are not so much attracted to the cities as socially obliged to move to the larger population centres if they are to acquire the better life, particularly higher education. And once in the cities, they generally do not return to the villages to live.

Improved communications are enhancing the marketability of agricultural products but also providing greater opportunities for villagers to uproot themselves and head for the previously far less accessible cities—for good. The solution must lie in providing better educational and health facilities in parallel with agricultural support in those areas of greatest potential. There are several such areas along the western escarpment of the Kingdom. Such a programme would be expensive, Saudi Arabia could at least afford it. But, even if adequate investment was made, it would not necessarily reverse a worrying process.

By Our Foreign Staff

The Saudis have suddenly discovered the attractions of sport. To meet this new demand facilities of international standard are being built in the major cities. Financial incentives are also given to sportsmen who may make the national teams.

Sports facilities

ICE RINKS, golf courses, cycle tracks and equestrian event courses are among the sporting facilities promised to the next generation of young Saudis, along with superlative football stadia and Olympic swimming pools. For a country which until recently regarded hunting as the only acceptable active leisure pursuit, the programme of the General Presidency of Youth Welfare is an amazing step forward.

To-morrow's young Saudis are to be encouraged in healthy, active sports aimed at building up their physical strength and at channelling their energies into purposeful use of their spare time. They will be given the best possible facilities, air-conditioned to overcome the handicap of the country's excessively hot climate, and financial encouragement for those promising enough to make the national team.

Sports cities have been designed for Riyadh, Dammam-Al Khobar and Jeddah. Construction has already begun. The largest of these cities, of Olympic pretensions, is the one in Riyadh. It is beautifully sited on high cliffs above the Wadi Hanifa, a little to the north of the King's palace, and with extensive views across the capital. Weidleplan, the German consultants responsible for overall design of the site, which covers 5¼ square kilometres, are well aware of its natural attractions. They are landscaping side wadis and siting hotels and motels along their lip.

The sports city for the eastern province will be near the sea, on the Dammam-Al Khobar road, and that for Jeddah at Kilo 10 on Mecca Road. All three will have identical sports halls and swimming pool complexes also designed by Weidleplan. The air-conditioned swimming halls have an Olympic pool, a diving pool and boards up to 10 metres, a training pool and accommodation for 2,500 spectators. Buildings will also include restaurants, VIP suites, changing rooms and services.

Athletics

Alongside each swimming hall will be a composite sports hall, also air-conditioned, with seating for 5,000 spectators. These sports halls will provide facilities for athletics, gymnastics, volleyball, basketball, handball and other sports. There will be medical facilities to deal with injuries, restaurants and a royal box. The buildings are expected to be finished in series between August, 1978 and April, 1979.

Jewel of the crown in the Riyadh sports city is the massive stadium which has been designed by British architects Ian Fraser, John Roberts and Partners, with White Young and Partners acting as engineering consultants. The Olympic stadium will be air-conditioned and have seating for 80,000 spectators. Estimated cost of construction is $350m. Its futuristic design has been much discussed, especially the 221-metre-high arch which is to curve high above the building and contain a restaurant at its apex. The great sweep of the clear-span stadium roof will be the largest of its kind in the world and will be constructed of cable network finished in glass-reinforced polyester. It will rise to twice the height of St. Paul's Cathedral and be taller even than the GPO Tower.

Natural ventilation will be funnelled in through high arches around its base and the whole super-modern conception is actually based on the traditional structure of a bedouin tent. There is, however, speculation that in any move to concentrate on priority expenditures this ambitious stadium could be the first casualty.

Tracks and pitches for almost every other known sport will surround the stadium, along with a range of accommodation and support facilities. There will be an advanced sports training centre offering courses for trainers and instructors from home and abroad. There will also be a sports hospital and evaluation centre where young boys will have their sports potential assessed scientifically before a great deal of effort is expended on their training.

Religious and cultural needs are also to be accommodated in the sports cities. All will have mosques and also some kind of cultural centre and auditorium. In Riyadh this will include the largest opera house in the world, seating an audience of 3,000. In Jeddah there will be a cultural hall at the Water Sports Centre with stage, lighting and projection room designed to seat 2,500. These cultural facilities are almost more of an innovation than the massive sports halls and stadia, in a country where at present there is no theatre, concert hall or public cinema.

The word Olympic is frequently repeated in descriptions of the sporting and other facilities to be provided, especially those at Riyadh. One cannot escape the impression that the Saudis may have their sights on holding a future games at Riyadh. There would seem to be difficulties here, however, given the grave obstacles to the participation of Jewish, Communist and female competitors. Saudi TV coverage of the latter part of the last Olympic Games omitted all female events. In the more immediate future the site is likely to be used for inter-Arab and Islamic sports events.

Dreams

The organisation responsible for transforming these dreams into reality is the General Presidency of Youth Welfare under the dynamic leadership of Prince Faisal bin Fahd, who is the son of the present Crown Prince. The Presidency was constituted as an autonomous organisation in 1974. Its budget was raised by 540 per cent. over that of the previous department in charge of youth welfare in the Ministry of Labour and Social Affairs. This year the Presidency has SR1.6bn. (£442m.) to spend, of which SR1,373m. are earmarked for projects.

For most Saudi boys the Presidency's outstanding function must appear to be the development of football in the Kingdom. In every village and town throughout the country any flat, sandy open space is adorned with an often-home made pair of football posts. Boys and young men seem to live in their leisure hours in the ubiquitous, brightly coloured track suits which have become their footballing uniform. They are happy to kick a football about in a heat which most people would find daunting.

The Presidency is providing some 60 sports clubs and youth centres for small towns and villages throughout the Kingdom. Football is being encouraged from the grass roots up. Trainers already visit provincial districts in search of promising youngsters who will be brought to the cities for further training. Last year Mr. Jimmy Hill was awarded a five-year SR150m. contract to develop football in Saudi Arabia and train the national team. In July, 34 of Saudi Arabia's young hopefuls spent six weeks at Coventry City training under Bill McGarry, who then went out to Riyadh with them as their resident team manager of the national squad. They have their eye on the Arabic Games, won last year by Kuwait, as their first target. A recent 1-0 defeat by Bahrain shows that they still have some way to go but results have nevertheless been encouraging.

Whittaker Corporation of the U.S. was engaged in 1975 on a three-year contract to develop Saudi potential in athletics, basketball and swimming under a programme directed by Mr. Mel Patton, U.S. winner of Olympic sprint events. After only two months of training a team was sent to the games at Montreal in the summer of 1976. So far over two dozen American coaches have been engaged in the long-range project.

A string of youth hostels in the major centres will provide accommodation for visiting teams and boys on training courses and offer a wide range of recreational, training and sports facilities on the premises. The hostels have been designed by the Swedish consultants VBB, and are a far cry from the spartan English idea of a youth hostel. These are luxury buildings, each with a 25-metre swimming pool, gymnasium, theatre, lecture hall, squash, tennis and basketball courts, and a VIP suite. The three currently under construction in Jeddah, Riyadh and Dammam are being built at a cost of SR160m.

While the Kingdom's young men are to have the major share of future sports facilities, some consideration has also been given to the needs of families. Jeddah, which is to have the smallest of the sports cities, will also have a water sports centre around a bay near the town centre. This will provide a large public beach and also private accommodation for members, including a beach for families and a children's pool. It is designed by Cooper MacDonald and Partners for the Presidency of Youth Welfare and occupies a site of 56 hectares.

The centre will offer pool and sea swimming, sailing, water skiing, rowing and fishing in the safe and shallow lagoon. On shore there will be an extensive complex of highly modern buildings including two circular restaurants, and an auditorium, a sports hall and a recreational members' club with elegantly arched cloisters.

Leisure facilities of a more gentle nature are planned in a series of large parks which are to be built outside Jeddah, Mecca and Riyadh. These parks, commissioned by the Ministry of Municipalities and Rural Affairs, will provide essentially family pleasure grounds, with concentration on the needs of children and their parents. They will offer playgrounds, fun fairs, shallow pools, a Disneyland near Riyadh, a zoological garden near Jeddah. Emphasis has been laid on providing am... transport, cable ... ways, miniature ... Educational facil... clude an underwat... at a park at Shar... creek north of Je... and exhibition ha... of the parks, and ... plex at Riyadh.

Five years fro... many of these leisure facilities reached fruition, life for Saudi ... population may ... enriched. To-day ... barren desert and ... ing rubble. It t... brave drawings ... could ever come in... almost shares the ... one young Saudi ... to look at the pl... models for a park ... site: "It must be ... said as he studie... of Jeddah's future ... centre."

A model of a new Olympic-standard sports stadium being built in Sau... The arch, which partly supports the roof, will be higher than the Post Of...

Many of the nomadic bedouin people are abandoning their way of life for a wealthier, more comfortable existence. But there are still large numbers leading a traditional life in the deserts.

Bedouin

IF ONE asks a Saudi townsman about the bedouin, the reply is likely to be: "But there are no more bedouin." This may seem surprising in a country where, until 20 years ago, two-thirds of the population were said to be nomadic or semi-nomadic. The assertion about their disappearance is, of course, not true. But it is easy to see why the city dweller should imagine it to be so.

Twenty years ago there was no mistaking the nomad caravans when they rode into town with their lines of camels decorated with colourful saddle bags, their riders wearing clothes different from those of the townsmen, a dagger at their belt perhaps, and long hair under their headcloths. To-day the nomads are indistinguishable from the townsmen. They drive into town in their pick-ups or large trucks, wearing clothes bought in the town markets. They know their way around and they have a relative living in the next street.

The bedouin have ceased to impinge on city life. They no longer represent a threat nor are they any longer useful as providers of desert transport and protectors of caravans. The nomads represent old Saudi Arabia, which the townsman has forgotten and of which he now prefers not to be reminded.

The bedouin, too, are abandoning their traditional way of life in large numbers. Sample surveys have indicated that there is a net decrease of 2 per cent. per annum in the numbers of nomads in the deserts, and the drift to the cities in the past three or four years has been extremely rapid. Bedouin settlement has not, by and large, been as a result of Government settlement schemes. The larger of these, such as Haradh, have not succeeded in attracting the bedouin settlement, which was intended, although smaller schemes have proved more attractive.

Little encouragement has been needed to draw the bedouin away from the deserts to seek a wealthier, more comfortable life — working for Aramco, taking to a little agriculture to support and supplement their flocks, or simply moving straight to the city in search of a regular income, schooling for their children and medical facilities, each of which is a powerful magnet to them. The severe drought which lasted from the mid-1950s to the early 1960s gave this movement a sharp impetus, since many bedouin at the time lost their herds and flocks. When the drought finished, the tendency for young men to leave the tribes to seek their fortune did not end with it.

For all this, however, there are to-day large numbers of bedouin still leading a traditional life in the deserts. It is estimated that some 600,000 have kept to their herding and sheep rearing and they are the only users of about 90 per cent. of the Kingdom's land area. They represent some 15-20 per cent. of the indigenous population of Saudi Arabia and the Saudi Government is concerned for their welfare. It is, however, very difficult to translate this concern into effective action, especially when almost any step taken in the desert to improve the bedouin lot tends to backfire unexpectedly and disturb the delicate balance of life in this harsh environment. A new well, for instance, may give rise to a completely over-grazed area for 50 miles in all directions as the bedouin remain on one camping ground and truck their water supplies from the well; a new school may mean that the young educated boys of the district leave the tents for the town.

The provision of services such as schools and medical care for a thinly-spread and nomadic population is exorbitantly expensive in cost and, more important, in manpower. While Government officials in Riyadh are struggling to keep abreast of the pace of day-to-day development in the Kingdom, it is unlikely that very much of their time can be devoted to projects which, at best, can benefit only a small number of bedouin at any one time.

This does not mean, however, that the bedouin are discontented with their lot. On the contrary, although their incomes are the lowest in the Kingdom and their life appears hard to the city dweller, to them it is more comfortable than it has ever been.

While some older men may regret the heady days of raids and counter-raids, the young are grateful for the peace which King Abdul-Aziz imposed on the desert and the chance which it gives them to build up their flocks and standard of living. This has risen noticeably in the past two or three years: to-day every bedouin camp has at least one pick-up truck and many have a large truck for transporting flocks and herds as well. The sweat has been taken out of carrying water, finding grazing and bringing the animals to the grazing, moving the camp, and marketing and shopping in the towns.

Many new luxuries have become standard items in the tents and one of the most notable changes is in eating habits. An abandoned camp site to-day is marked by empty tins of sardines, tuna and tomato paste, and the large tins of milk powder, a safeguard in case the flocks do not produce sufficient. Paraffin lamps and stoves have been popular for some years, as have radios. Newer acquisitions are sewing machines in the semi-nomadic tents, and just recently binoculars have been adopted with enthusiasm, as a means of surveying the flocks.

Flexibility

The bedouin are showing great flexibility in their approach to earning a living. When sheep proved to be more profitable than camels in recent years many bedouin switched from the more prestigious camels to the more rewarding sheep. The FAO estimates of livestock in Saudi Arabia show that there are around 3m. sheep to only 600,000 camels in the land. Money for capital purchases probably does not come mainly from stock rearing. A young man seeking to establish his first flocks or herds may go and work for the oil company or the government, or in the towns for a year or two to raise the capital. A family wanting a new truck will borrow the down-payment, often from a prince, and then work for a while, trucking for a fee, to recover the capital and charges.

As sections of tribes take to sheep rearing they become less nomadic. They move far less often (while camel herders may move every fortnight for eight months of the year, sheep herders may move only three or four times), and less far (camel herders may cover 1,000 miles in their winter migrations, shepherds perhaps 100). Their flocks graze the desert shrubs down to the roots, and this adds to the over-grazing which is taking place throughout the desert now that restricted tribal ranges are open to all and bedouin can move their flocks quickly, by truck, to the best districts and concentrate on them until all grazing has been eaten down.

The semi-nomadic shepherds gradually acquire more and more belongings in their tents and become increasingly loath to move. It is worth their while to cultivate a plot of land and grow fodder for their animals, and thus they take to agriculture which ties them more firmly to one spot. After a while they may build a small hut of empty tins; such houses can often be seen standing alongside the black tent which is not at first abandoned. Often, too, the black tent is kept rolled up in the corner of the new shack, keeping the options open.

Gradually villages develop; mud or concrete houses are built around a central point, a well, a school and a mosque. But they are sited each at a distance from the other, as though they were still part of a tented camp spread across the desert. These new, ex-bedouin villages are very different in appearance from the closely knit houses of the traditional villagers. Many new villages combine houses and tents, agriculture and stock herding.

This gentle transition from nomadism to settled life is perhaps the least painful for the bedouin involved and is one which the authorities would most like to encourage. It keeps family units together and may even preserve whole tribal sections intact. New Government wells in the desert can provide the nucleus for the growth of such communities; the wells along the oil pipelines have been particularly successful in attracting small townships. But the amount of cultivatable land is limited due to the shortage of water in the Kingdom, and some agricultural communities have suffered from dropping water tables. The inland wadis near Jeddah are a case in point; widespread agriculture in these wadis, largely farmed by recently settled bedouin, has been affected by ever-increasing pumping to provide for the city's water needs.

Very many bedouin make a sudden break, leaving their families and moving to the cities to seek their fortune, usually as taxi and truck drivers. In this case it is always the young men who leave; once established they send for their wives and children, or if they are unmarried they try to bring a sister to keep house for them. Either way the old people are left in the tents alone.

Bedouin settlement ... marked by the pers... of old people left i... and struggling to m... way of life when th... left.

For many of th... abrupt transition ... markably success... young bedouin leav... without education, not above primary l... intelligent and ... pursue their educ... towns and have s... selves as able to su... career as the town... they are working ... officers, jet pilots ... Government officials ... man born and brought ... desert is now a ... ter), television anno...

Seeing this move... cities and the bedou... ness to adapt to ... many people have ... that even if the be... not yet ceased to exi... do so within a gener... ever, two researchers ... recently lived with ... the Rwala and the ... found that the memb... tribes were quite con... their way of life woul... Although some were ... me t had no intentio... so and were happy to ... desert and at the sa... take advantage of o... of earning money wh... be available to them.

An important sou... come to the tribes is ... the National Guard, ... force of nearly comp... to the army and staff... from the tribes. Some ... vide regular recruits ... reserve units. In eith... gives the young men ... tunity to pursue a car... is attractive to them ... acquire military tradi...

The great tribes al... closely connected with ... family, which has de... cultivated their loyalt... riages into the tribes ... generous subsidies. The... are ardent supporter... traditional regime and ... Saud family. While it ... of the tribes is in no ... great as it was in the ... of this century, those ... had close contacts ... bedouin are wary of ... estimating it. The gre... can still raise many t... of trained, armed men ... days. Their martial ... appear to be happily ch... through service in the ... Guard. Considerable eff... being made to ensu... things should remain th...

HE STECHFORD BY-ELECTION ● BY PHILIP RAWSTORNE

Lib-Lab litmus test

Mr. Terry Davis (left), the Labour candidate, pictured among the castings at Alfred Herbert, and Mr. Andrew Mackay (right), Conservative, canvassing a shopper.

TECHFORD barometer ...pped on Thursday with ... usual interest to ...be present political ...re in Britain. The cam... this north-east Birming... stituency has been held ...pidly changing condi... ...llen clouds, sudden ...pricious gusts. It has ...nfusedly between crisis ...tive calm. It would be ...if its electorate were ...any stability.

...ow's Budget now ...additional excitements ...ere — and Mr. Terry ...Labour candidate, is ...ly on it to help him ...s calculated to re... ...party loyalty which ...thoroughly doused in ... It may do just ...fulfil his limited ...securing a bare ...hat there is no doubt ...of the Labour voters ...74 returned Mr. Roy ...with a fair wind to ...ter will this week ...y at home or move in ...ctions to seek a more ...ple climate.

...vis' furrowed brow re... ...e difficulties of his ...r support in a con... whose voters should ...adily identify them... ...th him than with any ...als or his predecessor. ...s as a manager for ...eyland on which, with ...d factories, most of ... depends for a liveli... ...is rugged no-nonsense ...appeals to the bluntly ...nt electorate of ...anual workers. His ...as an assiduous MP ...sgrove still commands ...But his campaign so ...en dogged, downbeat, ...sive.

...election is about the ...." he asserts optimistically. And there are few of his posters visible to betray his present activity as a campaigner. The Government may have been revitalised by its alliance in the Commons with the Liberals, but in Stechford the pact has served as no more than a minor prop to Mr. Davis' argument that however bad things may be, they would be worse under the Conservatives.

Local jobs

"Even the Liberals prefer a Labour Government under James Callaghan to a Tory Government under Margaret Thatcher," he repeats constantly. Mr. Davis buttresses the argument by pointing out that but for Government aid, thousands of local jobs at Leyland, Alfred Herbert, and other engineering companies tied to the car industry, would have been lost. Employment has now risen in the area for the past three months, clear sign of the recovery that is coming, he claims. But the Leyland toolmakers' dispute showed that job security does not compensate for falling living standards. The main issue on the doorsteps is rising prices.

Without attacking the Government's record, Mr. Davis agrees urgently with demands for tighter price controls and hopes to find them in the new price code this week. Mr. Roy Hattersley, Prices Secretary, rushed up to Stechford last week but spent his time restraining Labour's attack on the Liberals whom he called "*men and women of public spirit and practical common-sense.*" If the minimum Labour vote is to hold Mr. Denis Healey will have to achieve rather more success in assuaging the discontent than did the brief visit by Mrs. Shirley Williams, the Education Secretary, last week.

Gas and electricity bills have fallen like a blizzard on Stechford these past few days. With the further increase in gas prices announced on the very day the by-election writ was issued, Mrs. Williams faced some icy questions at her *factory gate meeting.* Her explanation that the Government wanted to conserve gas supplies not surprisingly failed to melt the hostility.

Mr. Andrew Mackay, the Conservative candidate, lets the bills speak for themselves, reinforcing their message with a few pointed adjectives like "disastrous," and telling families that "reckless Government spending ... begging and borrowing abroad" have saddled each of them with another unseen £500 debt.

Mr. Mackay, a partner in a Birmingham estate agency, buoyantly declares that only a "con trick" budget can prevent him from winning the vote of confidence in Stechford that "a shabby deal" denied the Tories in the Commons. He needs a 14.9 *per cent. swing, but claims* that voters, disgusted with the Lib-Lab agreement, are turning to him. He can expect some former Tory rebels to return from the Liberals, but a straw poll at the week-end showed *that among 70 voters, only two* former Liberals and one Labour intended to switch.

The Conservative campaign is almost as well groomed as the candidate—so well cut, so precisely casual, that Mrs. Thatcher, trotting around the constituency on a "meet the people" trip, moved unerringly from one house to another marked with blue crosses on an aide's map.

Mr. Mackay's continually stern warnings against the dangers of subversive infiltration were not rewarded with sufficient vigilance, however, to prevent the Tory leader's hand being grasped by one man who asked her: "When are you taking their milk from them again, then?"

Such carelessness is exceptional. Mr. Mackay's appeal is calculated to lose few votes. Apart from his "kill inflation" slogan, he is forceful on law and order generally.

"Make our streets safe at night ... stronger penalties ... punishments to fit the crime," he demands. Put an end to "social security fiddling." And, in between, he calls for a complete ban on immigration.

Immigration is the second most important issue in the election, Mr. Mackay says—despite the fact that there are only some 3,000 immigrant voters in the electorate of 62,000. In advocating a ban, in the interests of good race relations, he goes a bit beyond *official party policy by demanding* that the entry of immigrants' dependants should be stopped immediately. But Mrs. Thatcher imposed no restraints on him last week.

"We shall only succeed in *maintaining tolerance if people* are given the clear prospect of an end to immigration," she said. Mr. Mackay is not the familiar liberal Tory that his Bow Group connections would suggest. "You decide what I *am,*" *he challenges the political* analysts.

The Liberal candidate, Mr. Graham Gopsill, has had rather more trouble in establishing his relationship with the new stance of his party leaders than with his own identity. A chubby, bespectacled insurance agent and former shop steward at Leyland, he was firmly opposed to any accommodation with the Labour Government, short of a formal coalition.

Now the list of campaign volunteers in his office include such additional names as J. O'Callaghan and Eric Heffer—a joke which does not give much obvious delight despite his complaint that he has so far been short of help. Mr. David Steel, however, led hundreds of *Liberals into the constituency* at the week-end to explain the benefits of the deal both to Mr. Gopsill and the voters. "We can influence the Government but we need to secure your support," he said.

The Liberal leader claims that it was in his two previous visits to Stechford that he learned the lessons that helped him to make his decision to support the Government. Whatever Mr. Steel heard must have escaped *Mr. Gopsill. But after long and* earnest discussion he, too, has now got the message clearly. "We all got to get together, man," as one West Indian told him.

The Liberal campaign is now *concentrated heavily on selling* to the electorate the idea that a vote for the party is not a vote for Labour, but a safeguard against any relapse of the Government into socialism or its replacement by right-wing Toryism. The belated switch in tactics has inevitably caused confusion where first there had been a jaunty confidence. It has diverted the party's *promising attack from the real* issues, prices and the housing conditions in much of the drab inner area of the constituency. Mr. Gopsill has been temporarily becalmed.

Strategy

Events have ensured that the Liberals now have more political capital invested in the Stechford contest than either Labour or the Conservatives. Mr. Gopsill fought the seat twice in 1974, running a respectable third and retaining his deposit. A poorer result this week would call into question the whole of the party's *strategy. Mr. Steel himself has* already described the Liberal organisation in the constituency as well prepared—its resources cannot be judged from the two toy printing kits at his headquarters. The party's supporters' club which runs a weekly lottery for 1,200 members, 1,000 of whom have joined since last autumn, has given it a good preliminary foothold in the community.

Of the candidates on the fringe, Mr. Andrew Brons a Harrogate lecturer, representing the National Front, could make his presence felt in the vote.

"What on earth is going on in our country?" his strident leaflets demand. "Six million immigrants taking British jobs, British homes, British welfare and education services—taking over." Mr. Brons replies glibly *and unruffled to questions which* make his supporters bristle. In an address to the immigrants themselves, he frankly advised them that it might be "sensible and wise" to return to their countries of origin now. "We are fighting to win our country back again for the British people." In his wake, there have appeared a rash of notices carrying cruder racialist slogans.

Mr. Brons, embellishing his appeal with vitriolic attacks on the Common Market, dismisses the Conservative candidate's stand on immigration as hypocritical and opportunist. But it is clear that if he does attract votes, they will be mainly from *Labour supporters.*

There are two candidates of the far Left, Mr. Brian Heron and Mr. Paul Foot. Mr. Heron, of the Trotskyist International Marxist Group, is a shop steward at Leyland who seeks "a socialist solution" instead of a "social contract." He proclaims: "Callaghan's policies get Britain on its feet—by standing you in a dole queue." He invites his sympathisers to relax from the lessons of basic economics at a "festival against fascism."

Mr. Foot, more widely known and an affable and articulate journalist, represents the Socialist Workers' Party. Surprisingly, at 40, he is the oldest candidate in the contest. He issues invitations to a "rock against racism" disco at the Olive Branch. It is the nearest to a peace offering he is likely to come.

He has inherited from his uncle, Mr. Michael Foot, a facility for puncturing pretensions with wit—and the leader of the Commons and the chairman of the Lib-Lab consultative committee will not be spared its attention when he visits Stechford to-morrow.

Candidates: Mr. Terry Davis (Lab.), Mr. Andrew Mackay (Cons.), Mr. Graham Gopsill (Lib.), Mr. Andrew Brons (National Front), Mr. Brian Heron (International Marxist), Mr Paul Foot (Socialist Workers' Party). October 1974 General Election result

R. Jenkins (Lab.) 23,075.
D. J. Wedgwood (Cons.) 11,152.
G. A. Gopsill (Lib.) 5,860.
Labour majority: 11,923.

Letters to the Editor

... cargo ...ty proposals

...K. Shilleto.

...a tanker broker of ...30 years' standing, I ...y sympathy with Con... Murphy's demand ...) for statutory U.S. flag ...oil imports at a time ...fleets of the Soviet bloc ...ahead of their con... ...ade potential and those ...y nations are subject to ...ate control of elected ...nts, some of which, in ...could be Communist ...before 1980.

...ion to the problem that ...lead to further expan... ...the present enormous ...plus of tankers lies in ...S. legislation to enable ...rage U.S. owners of the ...sting bloc of Liberian ...er convenience flag ...o return them to the ...fleet. These owners ...venanted with their ...nt that their vessels ...nade available in time ...nd many are already ...in the transport of ...and products into the ...

...same occasion a pos... ...tion to the tanker crisis ...d by Mr. Peter Douglas ...ase Manhattan Bank. He ...that the assets of almost ...tanker owners or those ...to survive a slump last... ...1980 should be trans... ...the Governments and/ ...y private citizens of the ...cing countries, where ...ly the same strategic ...n as that impelling the ...ernment is recognised ...exporter's viewpoint. ...this solution has logic ...action for a banker ...abundant collateral. ...as admitted that he had ...ssed his proposal with ...pective and largely in... ...ed owners of profitably ...able vessels. He might ...ransfer some tens of ...worth of tanker tonnage ...nately lose hundreds of ...of his clients' dollar ...when they recognise the ...n on the venture. ...lo not Messrs. Murphy ...uglas combine in the ...transfer of some of this ...ankrupt stock to their ...thereby satisfying the ...of security and financial ...without further wreck... ...maritime economies of ...ends?

...illeto.
...ry Close,
...Street, S.W.3.

louin

...to be lucky enough to enjoy a share in the profits accruing from land values, and others not?

Clearly there are more fundamentally Liberal policies than profit sharing for the Liberal Party to urge upon the Government, and these are free trade and the taxation of land values.
David K. Mills.
54, Woodway, Hutton, Brentwood, Essex.

The problems of homelessness

From the Borough Housing Committee Chairman, Reigate and Banstead.

Sir,—As part of the *Lab-Lib* alliance I see that Government support will be given to the Bill sponsored by Mr. Stephen Ross aimed at increasing help for the homeless by transferring responsibility to housing departments from "local" social services departments. In most of the country housing is a district authority responsibility, but social services are managed at county level.

If the Bill reaches the statute book unmodified, then a number of easily predictable results will follow. Rent and rate arrears will increase, district authorities will have to take on social service duties, the housing shortage will increase, housing departments will call for more staff, and the burden on the ratepayer and taxpayer will escalate.

Much of the problem of homelessness is self- or family-generated. Sons and daughters "evicted" by their parents, the break-up of marriages resulting in the need for two homes in place of one, more and more single-parent families and, last but not least, tenants evicted by court order for non-payment of rent and rate arrears. On the last point, when it is seen by other tenants that the penalty for non-payment of rent is to be rehoused as homeless persons (which will probably mean staying in their existing unit) the necessity of paying rent will be lessened. *Most of these homeless* problems have social service overtones (though many will argue that they are social irresponsibility problems), hence the need for housing authorities to set up their own social service departments.

I strongly suggest that our Members of Parliament make efforts to discuss the problems facing local authorities with officers and elected members. Hopefully, they will then drastically modify the Bill or, better, reject it.

In our council we have opted not to go down this unmanageable route — as has already happened elsewhere — and I have been grateful for the support given by the leading members of the Labour and Liberal minority parties.
Paul Murden.
44, Park Lane East, Reigate, Surrey.

Stability and moderation

From Mr. R. Ernest.

Sir,—What a relief it is to have the Liberals exercising a restraining influence on the *Labour Party! The great flaw of* our political set-up here has been *the fact that power has alternated between one or other of* the two big parties, with no one holding the balance of power, as is so often the case in some other countries.

The result has been an anti-democratic situation, with voters having to make a choice of black and white, and in the process having to swallow lumps of policy they did not like in order to get one they did. There has been a harmful lack of stability, with the ordinary citizen never knowing from one year to the next what taxes he would have to pay, as the political current veered from one side to the other.

Let us hope we can now look forward to a period of stability and *moderation*, with Government governing instead of trying to show how much legislation it can push through.
R. Ernest.
7, Rosecroft Avenue, N.W.3.

...ring the ...fit

...r. D. Mills

...Joe Rogaly and Christian ..."Tarnished trophies for the ...," March 24) discuss ...al democracy in relation ...new Labour and Liberal ...entary agreement, and ...ater alia to the Liberal ...desire for profit sharing. ...begs the question of what ...ise to profit. Are em... ...in an industry enjoying ...ly trading conditions or ...degree of tariff protection ...ven a share in such gains? ...nsumers to see unholy ...s of labour and capital ...ur of increased privilege ...discriminatory legisla...

...a concern which owns ...erates from a prime site ...oice part of the country, ...ake higher profits than an ...al firm which rents its ...than a similar firm which ...less advantageous loca... ...are some employees, then,

Industrial democracy

From Mr. H. Mitchell

Sir,—In the midst of controversy over Stage III, Bullock, and the toolmakers' right to argue their own case, may I draw your attention to some aspects of the current "negotiations" between some unions, the Advisory Conciliation and Arbitration Service and IBM (U.K.).

No less than four separate unions are seeking recognition by IBM (at its Greenock location only) and ACAS has "consulted" with both unions and IBM's management (who appear to be fighting back!). This has been going on for several months and on February 28 ACAS wrote to employees announcing a survey of their opinion to take place on March 31, the results to be published "not before June 1977."

I have worked for IBM for seven years and (as a salesman) have had daily opportunities to compare conditions, attitudes and environment with those in other companies of all kinds. IBM claims a policy of equal treatment of employees of all levels (equal holidays, pensions, sickness schemes and "one canteen"), but in practice, by having a very high management/worker ratio, the company can apply this policy by negotiating specific pay level, rate and quality of work, and promotion opportunities with each individual separately. This means the individual can choose — to work harder and earn more or progress in his career, or take it easier and "coast."

By these means, and by measuring managers not only on productivity and profitability, but also on the level of satisfaction and individual progress of their employees, IBM has managed to sustain a combined growth and (even in the U.K.!) acceptable profit margins, while *maintaining strong commitment,* motivation and satisfaction among a stable work force. And this with no strikes!

In this environment, what is the motivation of Mr. Jenkins and his colleagues in seeking to "represent" the Greenock em*ployees? Are they sincerely* dedicated to raising the level of bargaining in IBM to the outstanding heights achieved at *Leyland? At present, any em*ployee can take his personal concerns to the highest level in the company if he feels he is getting no satisfactory response from his own management — and we do!

We have to wait until at least June to learn the "collective" views of the IBM work force; meanwhile, I would like to question some presumptions which appear to have become accepted as axioms of the British industrial scene: The presumption underlying ACAS that collective bargaining is a good thing. The presumption of Bullock that industrial democracy can only be achieved through representation; and the presumption that I and *13,000 colleagues and managers* want to spend time fighting off the unions when we could be designing, manufacturing, selling, exporting more and better technological products to make life better and easier for ourselves and our customers.

I (and many colleagues with whom I have discussed it) regard the unions' approach at Greenock as prejudicial to my way of life and work, my future earnings, and the security of my wife and family. I await with interest the union's explanation of why I'm wrong.
J. H. Mitchell.
10, Granary Close, Wheathampstead, Herts.

Hidden danger to exports

From Mr. J. Kinany

Sir,—During a recent extensive tour of the Arab world, I came across some literature, presumably translated from English into Arabic, intended to promote British products. Because of the unprofessional way in which the brochures were translated, they tended to do more harm than good as they frequently gave readers an impression which could not have been intended.

Of all the translation agencies in U.K., about 96 per cent. are naturally run by non-Arabs; where translations from or into Arabic are concerned, these agencies inevitably rely on Arabs whose work they cannot judge. Promotional literature produced by the majority of these agencies often contain howlers and incomprehensible phrases because the translator is often a semi-literate student or the like, who can only look up words in a dictionary and assure the client of complete accuracy.

The situation becomes more critical when the material translated is a contract, an offer, a letter of intent or the like, where inaccurate translations can be damaging to the interest of a firm. There are also technical brochures intended to promote certain products such as electronic equipment, heavy machinery or the like. These are often compiled by technical writers who have unfortunately devised their own peculiar "lingo" with diction and construction unfamiliar to an English reader of average education. To have such literature translated into Arabic—intrinsically a non-technical language —is a task fraught with many difficulties, and can be successfully undertaken by a profes*sional translator only.*

Translation apart, there is the gulf which separates the Arab world, with its peculiar religious beliefs and social traditions, from the Western world. Very rarely indeed do British firms take this aspect into consideration when phrasing literature for Arab markets. Many cannot resist the temptation of an English pun or a Johnsonian quotation. If an Arab opened a packet of cornflakes and sun simply "streamed out of it," he would *certainly shy away from it.* Whereas the "sun" to Kellogs is an incentive, it is to the Arab consumer, a deterrent. This and similar finer points constitute the difference between promoting products effectively and inhibiting their sale by misadventure.
Mr. J. Kinany.
Gizn, Collyers Road, Brockenhurst, Hants.

To-day's Events

GENERAL

New session of talks on Anglo-U.S. air agreement scheduled to begin, Washington.

Mr. Nicolai Podgorny, Soviet President, continues tour of Southern Africa.

Sir Harold Wilson, M.P. speaks at Royal Institute of Chemistry Centenary, Institute of Education, Malet Street, W.C.1.

Mr. Reginald Maudling, M.P., addresses Tory Reform Group lunchtime meeting.

British Rail parcels charges now increased by average of 15 per cent.

National Union of Students conference, Blackpool.

Sir Robin Gillett, Lord Mayor of London, attends Woolnoth Society banquet, Mansion House.

Engineering Inspection and Quality Control Exhibition opens, National Exhibition Centre, Birmingham (until April 1).

Autoquip '77 Exhibition opens, Wembley Conference Centre (until April 1).

PARLIAMENTARY BUSINESS

House of Commons: Conclusion of debate on defence. Remaining stages of General Rate (Public Utilities) Bill and Marriage (Scotland) Bill. Motion on EEC documents on fishery resources.

OFFICIAL STATISTICS

National Income and Expenditure in fourth quarter and year 1976.

COMPANY RESULTS

Barratt Developments (half-year). Paterson, Zochonis and Co. (*half-year*). *Reckitt and Colman* (full year). Willis Faber (full year).

COMPANY MEETINGS

See Week's Financial Diary on page 32.

EXHIBITIONS

British stamps and postal history, Gibbons Gallery, 399, Strand (until March 31).

Books, drawings and papers of J. R. Tolkien, National Book League, 7, Albemarle Street, W.1. (until April 7.)

Royal Portraiture in Photography, National Portrait Gallery, St. Martin's Place, W.C.2 (until October 2).

Role of women in First World War, Imperial War Museum, Lambeth Road, S.E.1 (until October 30).

Paintings by Sir Winston Churchill, Blenheim Palace, Oxfordshire (until October 31).

MUSIC

Yitkin Seow gives piano recital of works by Mozart, Schoenberg, Beethoven, Debussy and Brahms, St. Lawrence Jewry next Guildhall, E.C.2, 1 p.m.

SPORT

Table tennis: World championships, Birmingham.

COMPANY NEWS

Bond Street Fabrics sees first half rise

THE RESULTS of Bond Street Fabrics for the first half of the current year will be better than those for the comparable period last year, says Mr. J. Dawes, the chairman. He says it is impossible to make any estimate of group results for the year as a whole.

A "significant loss" recorded by one part of the group's knitwear division in Scotland, John Currie Son and Co., cut group profit before tax for the year ended September 30, 1976, from £364,482 to £273,828 (as reported on March 10). The dividend was reduced from 2.6p to 1.75p net per 10p share from stated earnings of 4.3p (6.6p).

Strenuous efforts have been made to improve the Currie company's trading performance, says the chairman. Management changes have been made, there have been reductions in overhead costs, and from December, 1976, the company has been receiving the temporary employment subsidy. In addition, changes have been made and are still being made in the selling and marketing policy.

As a result the rate of loss has been reduced and it is hoped that by the end of the current year the company will be trading at least at break-even, members are told.

The double knit division and Cumnock Knitwear, the other section of the knitwear division in Scotland, have both traded profitably this year, says Mr. Dawes.

The textile industry in both double knit fabric and knitted outerwear is volatile, Mr. Dawes says. There is a continuing increase in every type of cost and resistance from customers to accept higher prices. Demand fluctuates and any forecasting, even of middle term trends, is difficult, he adds.

Working capital increased during the year by £203,936, compared with an increase of £278,538.

The value of exports amounted to £434,334 (£331,697).

The meeting will be held at Wimbledon Street, Leicester, on April 20 at noon.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims: Barratt Developments, Moran Tea, A. and J. Mucklow, Paterson Zochonis, Pilco.

Finals: Black and Edgington, Brent Chemicals International, Clayton Dewandre, Dufay Bitumastic, James Fisher, Freemans (London, S.W.9), C. H. Johnson, Ofrex Group, R. and J. Quick, Reckitt and Colman, Willis Faber, Wolstenholme Bronze Powders, Arthur Wood (Longport).

FUTURE DATES

Interims:	
Ferry Pickering	Apr. 25
Highland Distilleries	Apr. 4
Lister	Mar. 29
London Scottish American Trust	Apr. 6
Peters Stores	Apr. 4
Finals:	
Bifurcated Engineering	Mar. 31
Compton (J.) Sons and Webb	Apr. 6
Grattan Warehouses	Apr. 5
International Combustion	Mar. 31
Law Land	Mar. 29
Legand and General Assurance	Mar. 31
Phoenix Assurance	Apr. 4
Rotork	Apr. 4
Royal Worcester	Mar. 31
Smith (W. H.)	Mar. 31
Spirax Sarco Engineering	Apr. 4
Unicorn Industries	Mar. 31
Winston Estates	Apr. 6

Credit Data in profit

British Debt Services, the largest credit services organisation in the country, has been renamed Credit Data and Mr. Paul Brooks, the chairman, reports that after three years of losses, the company is now in the black.

He told an EGM held on Friday to approve the change of name, that the company had made a profit in the first six months of the current financial year.

He also said he expected that the change of name would benefit the marketing activities of the company since it reflected both the new management and the increased range of services now being offered to the credit industries as a whole.

Squirrel Horn to spend more

Mr. J. B. Hardy, chairman of sugar confectionery, toffee and chocolate manufacturers Squirrel Horn says in his annual statement that the capital expenditure programme was continued throughout 1976 and the group is beginning to get the effects of more efficient production.

Further heavy expenditure of £102,093 (£47,950) is planned for 1977 and the Board is convinced that this is the best safeguard for the future.

Although expenditure is likely to be at an all-time high, it can be financed out of the group's own resources and present arrangements with bankers. The directors are satisfied that there is demand in excess of present capacity and a good part of future expenditure is designed to significantly increase output.

A large proportion of the expenditure in the present year will not benefit the company until 1978 but notwithstanding this there should be a material increase in profits in 1977 which has got off to a satisfactory start.

The main markets for products continues to be the children's sector of the trade. Although the overall consumption of confectionery in the country remains high the fall in the birth rate will be reflected in the consumption of children's sweets in a few years time. It is, therefore, intended to bring out a full range of packets aimed more at the adult market.

The Board remains confident of the group's ability to thrive in the export market which now not only offers opportunities to increase sales but to do so at realistic prices.

Towards the end of 1976 Kincardine Fisheries was bought for £34,000, the money coming from cash held on deposit. The intention is to run it for a year or two and then decide if the scale of operation should be materially increased or whether the company should be sold. The purchase price is virtually fully covered by a valuation done on the house and land which belong to the company, members are told.

In the present year Mr. Hardy expects the fishery to make a small loss but thereafter it should trade at a profit.

At a time when sources of food are getting more difficult to obtain and are certainly getting alarmingly expensive it makes good sense to be involved in one of the growth sections of the food industry, says Mr. Hardy.

As reported on March 5, pre-tax profits rose slightly from £332,072 to £342,117 in 1976 on turnover of £4.12m. (£3.72m.).

Both factories performed well and raw material prices were stable with the exception of chocolate.

Turnover up at Hill & Smith

At the annual general meeting of Hill and Smith Mr. T. Hampson Silk chairman said the forging division was back to full-time work and while the steel stockholding division continued to have a difficult time, turnover had increased. The fabrication division was having a very good year and the contracting division performed well in view of the cutback at home. Overall, turnover in the current year was up on last year but the year's results would largely depend on the second six months.

The company's subsidiary, Tipton Steel Stock Holders (Stoke) had reached agreement in principle for the production of a new design of steel cross bearer for the freight container industry. The product whose design was initiated by Overseas Containers, was a joint venture between Cockerills of Belgium and Tipton. Orders were already in excess of £100,000 but it was thought that the product, when established, would be substantial in tonnage and on present estimation could well be a large money earner by the mid 1980s.

Scottish Agric. not optimistic

THE CHAIRMAN of the ICI subsidiary Scottish Agricultural Industries, Mr. G. S. Roberts, said at the company's recent annual meeting that he could not be optimistic for 1977. Increasing costs can be expected to be greater than increased realisations from fertilisers, he said, and there is little prospect that compound fertiliser margins will improved during the year.

Other areas of the business are expected to continue to do well, said the chairman. In 1978 the company will get benefit from the new feed mill and start to get returns from the big investment in straight nitrogen fertilisers, and at that time it is expected that the fertiliser side of the business will begin to reassert its profit potential, he added.

The company made a pre-tax profit of £3.13m. in 1976, compared with £4.59m. for the previous 15 months (as reported on February 11). Dividends totalled 11p net per £1 share, against 12.7669p for the longer period. Mr. Roberts said that although this figure was disappointing, it would not have been achieved if the company had not looked critically at, and taken action on, costs and productivity.

He told the meeting that although the main business of the company was the production and sale of fertilisers, and would continue to be, other activities were contributing a larger share of total profits and helping to bring the company through period of reduced margins for compound fertilisers.

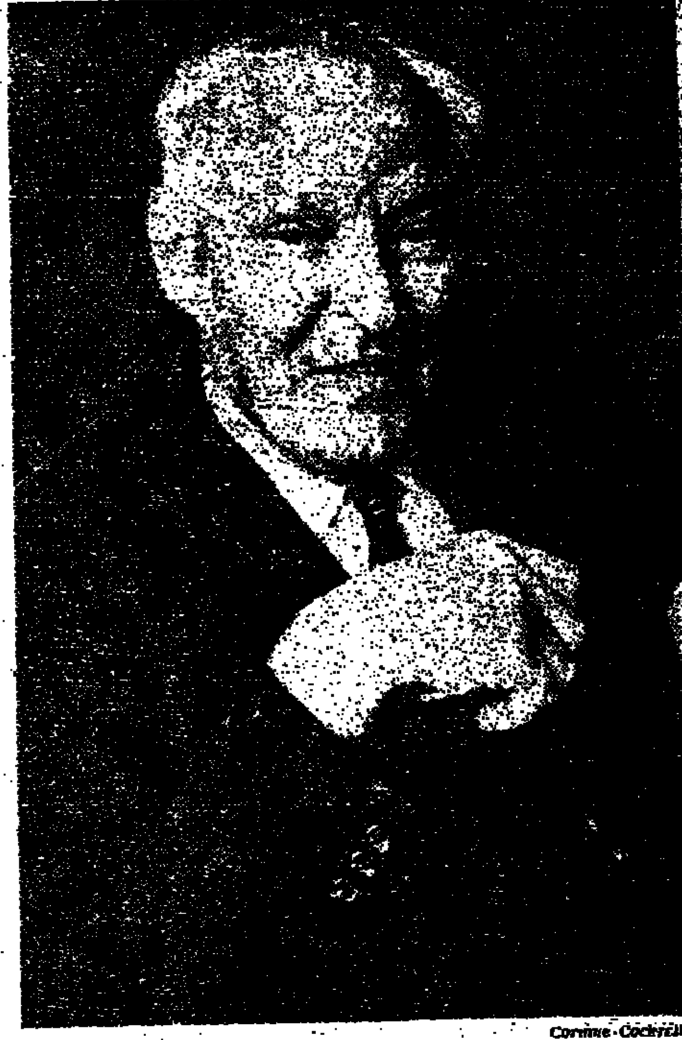
Two new developments, the straight nitrogen prilling plant at Leith and the animal feed mill in Glasgow, are proceeding according to plan, said the chairman. The investment was financed by a short-term loan of £4m. with the Bank of Scotland Finance Company.

Mr. Roberts is to retire from the Board, and will be replaced as chairman on April 1 by Mr. F. Whiteley.

Share Information Service

The following security has been added to the Share Information Services appearing in the Financial Times:—

Abell Morrall (Section: Industrials (Miscel.))



Mr. Arthur Mason, chairman of Reckitt and Colman which is due to-day to announce preliminary results for 1976.

BIDS AND DEALS

SE investigation into De La Rue price rise

Share price movements in De La Rue, ahead of the announcement last Thursday of the company's £9.5m. sale of its controlling stake in Formica, are under preliminary investigation by the Stock Exchange to determine whether a full inquiry is called for.

There had been considerable market speculation that this move was on the cards and the share price had moved up from 320p to 362p within a fortnight. On Friday the shares closed at 380p.

De La Rue, which has continually denied the story in the previous weeks, is not proposing to hold its own investigation.

OUTLOOK AT MAY & HASSELL

While the results of May and Hassell, the timber group, for the year to March 31, 1977, should surpass those of the previous year, notwithstanding the anticipated losses of Hallam Group of Nottingham for 1976, the outlook for the rest of 1977 must be viewed with some caution in the light of the depressed state of the U.K. construction industry.

Telling shareholders this in a circular reporting recent acquisitions, the chairman, Mr. J. H. B. Attley, says, however, that the directors are confident that they will be able to report a satisfactory outcome for the six months to September 30, 1977. This is on the basis of prudent management of the group's timber stocks and allowing for the improved situation at Hallam Group of Nottingham, following the virtual completion of the planned re-organisation and rationalisation of that company, including the closure of the cabinet factory and the streamlining of production in the system building division.

Pre-tax profits in the half-year to September 30, 1976 have already been announced at £1.45m., against £1.27m., while the total for the year to March 31, 1976 was £1.97m.

The new circular reports on several deals, including that between the group and LTA Industrialised Building Systems, a listed South African company, whereby each company has taken an interest in the other's subsidiary, May and Hassell (Proprietary) and Essmann and Hart. The acquisition of Trenery and Sons; the acquisition of a 51.5 per cent stake in Ancienne Maison Henri Deweert et Fils, of Belgium; and the sale of Klondyke Shipping are also covered.

A pro-forma statement allowing for the recent transactions gives consolidated net tangible assets of the group at £10.37m., compared with the figure of £8.49m. in the balance sheet at March 31, 1976.

On February 28, 1977, May and Hassell and its subsidiaries had outstanding secured bank loans of £506,000, unsecured bank overdrafts of £9.54m., liabilities under acceptance credits of £1.55m. and mortgages of £11,000.

BUILDING SOCIETIES

Nationwide chief sees cheaper loans

MORTGAGE RATES are set to fall in the next few weeks Sir Herbert Ashworth, chairman of the Nationwide Building Society, said at the week-end.

Speaking at the Nationwide's annual meeting in London, Sir Herbert said that money was again flowing into the societies, and "if this inflow continues, there is little doubt that societies will reduce their rates in the next few weeks."

The next meeting of the Building Societies Association—the body which recommends the interest rates to be charged by member societies—is on April 15.

It now seems certain that a cut will be announced on that day, and hopes are that it will reduce the mortgage rate from its present record 12¼ per cent. to possibly 11¼ per cent. or 11½ per cent.

Sir Herbert said that Nationwide had achieved excellent results in 1976, despite the difficult economic conditions. Assets increased by 19.6 per cent. in 1976 to £2.278bn. at the year end. Gross investment receipts at £968m. and mortgage lending at £552m. were both new records, and the society had maintained a strong financial position with an increase in reserves to £76.4m.

Sir Herbert defended building societies against criticism that they were too slow to reduce their rates. The Bank of England's Minimum Lending Rate had changed 40 times since 1973 and societies would be foolish to pursue "such a vacillating and frenetic policy."

Investors were entitled to expect some degree of stability, he said, and they were still not receiving a rate of return to match the rate of inflation.

"Therefore, before reducing interest rates, societies need to be sure that the downward trend in the general level of interest rates is likely to be maintained, and they also have to wait and see what next week's Budget contains," he added.

Sir Herbert said the rise in building costs was making the prices of new houses less competitive with those of existing ones. However, the demand for mortgages was strong, and he expected a continued upward trend in house prices, which might accelerate if there were significant reductions in the mortgage interest rate.

The meeting also heard that last year Nationwide's assets increased by 19.6 per cent. to £2.28bn.

The housing pressure group Shelter is to launch a campaign telling people not to save with the Nationwide, housing policy officer Mr. Jim Wintour, said yesterday.

Shelter is angry at what it sees as the society's "red lining" of certain rundown inner city areas, and they will tell people who might want to buy houses in such areas not to save with Nationwide.

Mr. Wintour, a substantial saver with the Society, asked Sir Herbert why mortgages were withheld in inner city areas like Deptford and South London, and why the society would not disclose the geographic pattern of its lending.

He said that the Nationwide had "red lined" Deptford for the purposes of the Government's mortgage replacement scheme, wrong. It increas... many houses being ... forces people to b... sive houses."

Sir Herbert stre... the society discrim... lining.

"In the case of ... it simply is not tr... red line. We look ... which is submitted ... on the basis of ... property," he said.

Sir Herbert a... whether it was a... allow an individ... house which was ... repair and in a sl... suggested that a ... was for the Gove... funds to landlor... houses, or for loca... housing associatio... over.

He added: "Our ... have helped Sh... and we do to... £45,000 a month o... help the people it ... dealing with."

HUDDERS... & BRADF...

Total assets of t... and Bradford Buil... creased by £42.04... in 1976 and re... £15.31m. to represe... of total assets. I... £78.83m. represe... cent. of total asse...

Investment re... £143.36m. (£131.61... added to princip... (£14.35m.). Repa... cipal came to £1...

Advances to ... from £86.64m. to ... 10,633 mortgages ... executed.

Henry I...

Bacon curers an... canners, Henry D... recovered from a... to profits of £141... weeks to October...

Tax takes £2... and extraordinary... (nil) to leave a ... (loss £101,091).

Pending dividends timetable

... the convenience of readers the dates when some of the important company dividend statements may be expected in the next few weeks are given in the following table. The dates are those of last year's announcements, except where the forthcoming Board meetings (indicated thus*) have been officially notified. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent. shown in the column headed "Announcement last year." Preliminary profit figures usually accompany final dividend announcements.

[illegible]

Public Works Loan Board rates

[illegible]

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

BASE LENDING RATES

[illegible]

INTERNATIONAL COMPANY NEWS

Investigations at Italimpianti

BY PAUL BETTS

ROME, March 27.

THE CANADIAN Government has officially asked the Italian Government to collaborate in its investigations on allegations that the Canadian nuclear concern, Atomic Energy Canada, was involved in improper payments for the sale of nuclear reactors to Argentina, the Canadian Ambassador here confirmed.

The Canadian Government is understood to be seeking clarification on whether the Genoa-based Italimpianti Engineering Company, controlled by the Italian State holding group IRI, intervened on behalf of Atomic Energy Canada by allegedly paying some U.S.$2.5m. to Argentine officials. The payment, it is claimed, was effected through a Vaduz-based financial company operating on a Swiss numbered account.

Although the Genoa group has stated that it has undertaken internal investigations into the affair, Italimpianti shop stewards have asked for a full clarification of the alleged involvement of the company in the affair. The company, however, has so far denied any improper involvement.

● Meanwhile, Saipem, the pipeline-laying concern of the Italian State hydrocarbon group ENI, has reported a profit of L2.2bn. (about £1.5m.) for last year.

The group said that its overseas activities represented 82 per cent. of its turnover with oil-producing countries of the Middle East accounting for nearly 73 per cent. of turnover.

Although the company pointed out that a number of problems related to the Italian economic crisis and the lack of export-credit facilities reduced Saipem's competitivity on overseas markets, it said that it had a portfolio of overseas orders amounting to some L500bn. (about £333m.) and was currently negotiating several important new contracts.

Preussag stake in Patino

BY ADRIAN DICKS

BONN, Mar. 27.

PREUSSAG, the West German metals, chemicals and engineering group announced to-day that it has taken a 28 per cent. stake in Patino N.V., the Dutch-based holding company of the Patino international mining group. No price to the deal was given, but Preussag stated that Patino has 4.37m. shares in issue from an authorised total of 16m. shares with a nominal value of 5 Dutch guilders each.

Preussage stated that the move would give it a strengthened position in international raw materials markets, especially in its lead and zinc interests.

Patino, with its subsidiaries and participations, is stated by Preussag to have had a world turnover in 1975 of $Can1.7bn. and has metals, concentrates and mining interests in Canada, Brazil, Nigeria and Malaysia, among other countries.

Thiess lifts dividend

BY JAMES FORTH

THIESS HOLDINGS, major civil engineer, and motor vehicle distributor, has lifted its interim dividend following a 30 per cent. increase in profit for the December half. Earnings moved up from $A4.7m. to $A6.1m., outpacing the 10 per cent. lift in sales, from $A130m. to $A143m. Thiess directors said they were confident profitability would continue for the second half and that earnings for the full year would show a "significant advance" on the 1975-76 result.

Interim dividend is increased from 3.75 cents a share to 4.25 cents. Last year a final of 5 cents was paid.

● Grace Brothers Holdings, retail and removal group is raising its interim dividend following a 20 per cent. boost in earnings for the six months to January 29. Moreover, the company is preparing to resume its expansion programme which involves three large retail projects in Sydney.

Lehman expansion plans

By Stewart Fleming

NEW YORK, March 27.

LEHMAN BROTHERS, one of the larger and better known investment banks on Wall Street, has announced that it is to double the size of its operations. The objective is to create what is known on Wall Street as a full service investment banking house.

Lehman Brothers chairman, Mr. Peter Peterson, said that with the opportunities in the capital markets the time for the firm to take this step was now. It will involve, it was suggested, doubling staff in equity trading, fixed income trading, its institutional sales force and its retail brokerage operations.

The firm is also expected to be announcing a big expansion programme in Europe later in the spring.

Money and Exchanges

Bank of England Minimum Lending Rate 10½ per cent. (since March 18, 1977)

Short-term fixed period interest rates remained fairly steady in the London money market last week, and Bank of England Minimum Lending Rate was unchanged at 10½ per cent., but the market related formula for calculating MLR was not reactivated. At the weekly Treasury bill tender on Friday the average rate of discount fell by only 0.0007 per cent., to 9.3513 per cent., and this indicates a normal market related MLR of 10 per cent., the same as at the previous week's tender.

A signal on interest rates was given by the authorities on Thursday. Day-to-day credit was in very short supply, mainly because of substantial repayment of market advances and heavy applications for the latest gilt-edged tap stock, and the Bank of England lent an exceptionally large amount to 10 or 11 discount houses, partly by way of large lending for seven days.

This was to inform the market that the authorities were not looking for a fall in the bill rate at the Treasury bill tender.

Day-to-day credit was in short supply over most of the week, although there was no official intervention on Tuesday. The authorities lent an extremely large amount overnight to four or five houses on Monday, an exceptionally large amount overnight to six or seven houses on Wednesday, and apart from the seven-day lending, an exceptionally large amount overnight to 10 or 11 houses on Thursday. Five or six houses borrowed a large amount over the week-end on Friday, and the authorities also purchased an exceptionally large amount of Treasury bills, local authority bills, and eligible bank bills.

Sterling was held within a general range of $1.7150-1.7190 in the foreign exchange market last week. The Bank of England was reported to have intervened to prevent too fast a decline in the early part of the week, but took in foreign exchange for the reserves later to prevent a rise above $1.72. The prospects of a defeat for the Government in the censure debate in Parliament on Wednesday led to the early fall and the result of the vote was also behind the subsequent appreciation. The authorities were probably buyers and sellers of sterling on Wednesday, when news of the agreement between the Government and Liberal Party pushed the pound up quite sharply in late dealings.

Sterling's index against 20 major currencies, as calculated by the Bank of England, fell 0.1 to 61.8, but the currency gained 5 points against the dollar on the week, to finish at $1.7172-1.7182.

Eurosterling interest rates rose sharply on Monday and discounts against the forward pound widened, probably as a result of official intervention. Three-month sterling finished at 3.09 cents discount against the dollar on that day, but interest rates eased and discounts narrowed over the rest of the week, with the three-month pound finishing at 2.45 cents discount on Friday.

Trading in the Japanese yen tended to be erratic following doubts about Bank of Japan intervention policy over any major appreciation by the currency. Around the middle of the week it was reported that the yen would probably be allowed to rise as a result of an agreement concluded at the Summit talks between Japan and the U.S. in Washington, and the yen closed at Y277.10 to the dollar on Wednesday. It finished the week at Y278.70 compared with Y280.80 on the previous Friday.

Gold continued to rise in value, finishing at $153¾-154, an increase of $3¾ on the week.

Mar. 25 1977	Sterling Certificates of deposits	Interbank	Local Authority deposit*	Local Auth. negotiable bonds	Finance House Deposit	Company deposits	Discount market deposits	Treasury bills ♦	Eligible Bank Bills ♦	Fine trade Bills ♦
Overnight	—	10⅛-10½	—	—	—	11¼	9-10½	—	—	—
2 days notice	—	—	10¼-10⅝	—	—	—	—	—	—	—
7 days or 7 days notice	—	10⅛-10½	10½-10¾	—	10½-10⅞	—	10¼	—	—	—
One month	10⅛-10	10⁵⁄₁₆-10¼	10¼-10⅜	11-10½	10¼-10⅝	—	9¾-10	9⅞	10⁵⁄₁₆	11
Two months	9⅞-9¾	9⅞-10⅛	—	10¾-10¼	10⅛-10¾	—	9⅝-9¾	9⅞	9⅞	11-10⅞
Three months	9⁹⁄₁₆-9⅞	9¾-10	10⅛	10¾-10¼	10⅛-10¾	—	9⅝-9½	9⅞	9⅞	11-10¾
Six months	9⁹⁄₁₆-9⅞	9⅝-10	10-10¼	10½-10	10⅛-10¾	—	—	—	9⅞	11-10⅝
Nine months	9⁹⁄₁₆-9⅞	9¾-10	—	10½-10	10⅛-10¾	—	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOREIGN EXCHANGES

[illegible]

OTHER MARKETS

[illegible]

GOLD MARKET

[illegible]

EURO-CURRENCY INTEREST RATES*

[illegible]

FORWARD RATES

[illegible]

SPECIAL DRAWING RIGHTS RATES

[illegible]

EXCHANGE CROSS-RATES

[illegible]

MINING NOTEBOOK

The significance of a uranium force majeure

BY LODESTAR

"WHILST I HAVE questioned the propriety of the approvals of uranium export contracts immediately prior to December, 1972, I have stated on numerous occasions that this Government will ensure that the commitments under these contracts are met." So said Australia's Labor Mines Minister Mr. R. F. X. Connor.

Yet one of the holders of these contracts, Queensland Mines, has now declared force majeure on its 1977 deliveries to Japan's Shikoku Electric Power and is threatening to do the same with its commitment to Kyushu.

Mr. Connor's plan, which has not been repudiated by the subsequent Liberal Government, was to provide the uranium from Australia's stockpile mostly accumulated from the country's former Rum Jungle operation in the Northern Territory some years ago. This has for long been suspected to be of poor quality. So Queensland's main excuse for its present move is the lack of any government warranty that the material comes up to contract standards.

But one thing is certain. It is an extremely well-timed ploy to bring pressure on the Government which still drearily awaits arrival of the second tranche of the Fox environmental report before taking steps to give a production go ahead for Australia's big uranium deposits.

It is well-timed for two reasons. It comes on the eve of the arrival in the country of a 33-man "energy mission" from Japan, reckoned to be the most high-powered yet to visit Australia. Moreover, it includes representatives of the utilities directly affected by the Queensland Mines force majeure and also of those which would be affected if the Peko-Wallsend and EZ Industries partnership, which also has 1977 delivery contracts, decided to follow Queensland's example.

Secondly, the Queensland move comes shortly before Mr. Justice Fox is due to deliver his final environmental verdict, expected in April. It is hardly likely to influence that verdict to any extent but it has generated added confidence, I gather from Sydney, that the report will be sufficiently favourable to uranium mining, subject to the usual safeguards, to enable the Government to go ahead with a clear conscience.

So, Pancontinental are now £10¼ against 800p when I published my interview with its chairman, Mr. Tony Grey, here on February 21 and reached the conclusion that if his theories were right then the shares must rate as a buy. Since then the feeling has grown that when the Government does take the lid off uranium mining then it will do so democratically by giving the go ahead for all the mine finders and not seek to push those which are not "all-Australian" down to the end of the queue.

It is also thought in Sydney that trade union opposition to uranium mining is now fading with the taking of the more realistic view that jobs must come first. The Government, of course, must be strongly tempted by the big export earnings that would accrue. And it will hardly want to fall out with the Japanese customers. Only the graziers have come up with a new objection. They do not wish to see mineral export earnings grow in case they push up the value of the Australian dollar!

Dan Hill's dream

Another of my Australian "whatever happened to" series slots in nicely at this point. It is Geometals. What has happened to its Nannine gold-mining venture, I am asked. The answer is simple. It has pulled out of this venture. But it is now on a new and possibly more exciting trail.

It is investigating a uranium discovery in Queensland. Well-known consulting geologist Paul Anthony has been bulk sampling short stretches with encouraging results. "Further substantial costeaning is required to determine the nature and significance of the occurence," the company says in an official announcement. But Geometals chairman Dan Hill has a dream.

It is that if his company has indeed found a viable open-pit deposit it could be brought to early production through a deal with the struggling Mary Kathleen, only 62 miles away, which might welcome it to upgrade its own presently loss-making operation.

MK is Australia's only current uranium producer. So the infrastructure is already there. The Government's Australian Atomic Energy Commission has a 41.6 per cent. stake in MK which had to borrow uranium from the U.K. Atomic Energy Authority in order to meet its 1976 deliveries.

It must be emphasised that Geometals has a long way to go before it can establish whether or not it has a major find. But Dan Hill is entitled to his dream. It is such dreams that have sustained man's ceaseless search for the earth's riches from time immemorial. Geometals partly-paid shares are 8p.

Western Mining

Before leaving the Australian uranium scene the question must be asked, where does Western Mining's Yeelirrie prospect in Western Australia stand? Well, at the moment it hardly looks likely to be a front runner in any general race to production. According to the State Government it is only now considering an application from WM that a pilot plant be located in the Kalgoorlie-Boulder area.

It would only be designed to test a total tonnage of some 8,000 tons at an estimated cost of about $13m (£8.3m.). The necessary environmental investigations are being made. But it is clear that WM is not prepared to enter the production race on more than this preliminary experimental canter even when the off is given. After its unfortunate experience with metallurgical difficulties at its new Jurien Bay mineral sands project it is hardly surprising that the group wishes to proceed cautiously at Yeelirrie.

Blue Spec blues

For a long time past I have been unpopular with shareholders in Metramar because of my not sharing their enthusiasm for Anglo American's Blue Spec gold-antimony mine in Western Australia in which Metramar now has a whittled down 15.56 per cent. stake. The third partner is Australian Consolidated Minerals.

Now Anglo American has had to have a re-think that, Metramar reckons, could "seriously downgrade" the Blue Spec project which, as recorded here last month, has been having a difficult time since production began last year. A full report from Anglo on the mine's present position is expected within seven days.

Until it can assess the full significance of this information Metramar has requested that dealings in its shares be suspended. This took place on Friday when the London price was 24p. Ironically, it had been going up recently in line with the gold price. It is a dispiriting affair which will have to be reassessed when the Anglo verdict is known. From this big group it is at least likely to be a realistic one.

INSURANCE

Time to assess MOP's merits for commercial all risks cover

BY OUR INSURANCE CORRESPONDENT

WHILE BRITISH insurers traditionally have provided material damage cover against specified perils for commercial risks and have done this under individual policies separately insuring fire, fire-like perils, crime loss and so on, it has always been possible for the commercial policy holder to buy "all risks" insurance to cover his stock, materials in use or products as the case may be.

Most insurers covering property have been and still are ready to consider proposals for "all risks" cover having due regard to the underwriting and rating principles they would apply to the provision of separate identifiable covers for such risks.

All too often policyholders and, I fear, some intermediaries paradoxically expect the purchase of such "all risks" cover to be a premium-saving device. True, insurers have some saving in the administration of only one policy in place of two, three or more, but in relation to the premiums involved in commercial insurance this saving is scarcely significant.

Much more to the point and vastly outweighing the saving is the increase in risks which insurers run by covering the loss, destruction or damage as subject only to specified exclusions.

One essential feature of "all risks" cover must be the imposition of an excess or, in modern parlance, "deductibles," to protect insurers from the host of small claims that could otherwise be made for the many small items that inevitably are accidentally lost or damaged.

The size of this excess must depend on the nature and the location of the goods to be insured, and while £100 or £250 might be appropriate for some risks, £1,000, £2,500 or even more may be proper for others.

Coupled with such excesses must be a number of exclusions of the kind found generally in "all risks" policies many designed to prevent the insurance becoming a maintenance contract: for example, wear and tear, gradual deterioration, rust, corrosion, damp and so on will not be covered; nor will shrinkage, evaporation or loss of weight, shortages disclosed at normal stocktaking, loss caused by mechanical or electrical breakdown and so on.

Moreover, there must be the standard material damage exclusions of loss of use, and consequential loss generally, which have to be insured by commercial policyholders under separate business interruption contracts.

Recently advertisements have appeared in the insurance press advocating "MOP—the property cover of the seventies for particular trades" — the advertiser being the Insurance Company of North America. MOP, short for Manufacturers Output Policy, is in essence an elaboration of the normal commercial all risks cover provided here in Britain, which has been developed in recent times on the other side of the Atlantic.

Although INA may have a marketing edge for a few months, while other insurers assess the merits of MOP, assuming that it is not only what the customer and his advisers want, but that it can be rated and underwritten to provide insurers with the prospect of a reasonable level of profit, later in the year it will surely be possible to get MOP-type cover elsewhere in the market.

MOP provides "all risks" cover on stock and materials, machinery and plant and on all other contents which are defined but which include, for example, data processing equipment, both at the policyholder's premises and other specified locations.

OVERSEAS MARKETS

EUROBONDS

Threat to the market's capacity

BY MARY CAM[illegible]

EUROBOND investors shrugged off a firmer tendency in U.S. Eurodollar interest rates last week and lapped up just about everything which came on offer. However, with the announcement of four new issues totalling no less than $280m. over the week-end it is difficult to see how the capacity of the market can avoid being strained this week, particularly since the safety margin on the two biggest new issues is roughly limited to the size of the selling concession.

The upward trend of interest rates should not be exaggerated. It is slight so far, probably partly attributable to end-month pressures and tailed off somewhat on Friday afternoon. However, in a situation where everyone in the bond market is constantly looking over their shoulders for the cyclical upswing in interest rates, it cannot be ignored.

The movement in rates is the first since early February, at one point on Friday three and six month Eurodollar rates were an eighth of a point above levels a week earlier, and even after softening they remained a sixteenth above.

Whether influenced or not by anxiety to catch the favourable conditions so long as they last, there was a rush to announce new issues on Friday afternoon. In particular, in a development officially described as "coincidence," two competing U.S. dollar issues for top quality Canadian borrowers were launched on identical terms (see table).

Both Ontario Hydro (guaranteed by the Province) and Bell Canada have bonds of comparable maturity (nine to 9½ years) outstanding on the market so it is easy to see how tight the conditions of the two new issues are. The Bell 8¾ per cent. issue due 1986 was being quoted at about 105 on Friday afternoon to yield just under 8 per cent. while the Ontario Hydro 8½ per cent. issue, also due 1986, was quoted at about 102¼ to yield about 8.14 per cent. Ontario Hydro is rated triple-A in New York, and Bell Canada double-A.

The Danish Privatbanken's $30m. issue was announced late on Friday, well after the news of the two big Canadians had emerged. Apart from Kredietbank (Luxembourgeoise) the management group comprises Privatbanken's own Luxembourg subsidiary, Berliner Handels- under Frankfurter Bank (which has just arranged a DM50m. private placement for Privatbanken only a week ago), Deutsche Bank, Morgan Stanley International and Swiss Bank Corporation.

The other issue to come out over the week-end was the massive $75m. floater for International Westminster Bank. Perhaps in anticipation of a rise in interest rates, the market's appetite for floating rate issues has been particularly strong recently. The International Westminster issue offers the usual quarter point margin over inter-bank rates.

Of the other two floating rate issues still in the market, Industrial and Mining Development Bank of Iran (IMDBI) offers a slightly higher spread than usual—⅜ of a point—and Union Bank of Finland ¾.

There was, at the least, a satisfactory demand for all the new issues which ran through last week. Among the most called-for were Bayer and EMI. Deutsche Bank and Morgan Stanley appear to have parcelled up the Bayer issue between them—the placing was apparently narrow and the closing is being accelerated to this morning from Wednesday. EMI's $30m. issue was increased in size to $50m. giving the company the opportunity to fund most of its short-term foreign currency borrowings with some over for further expansion plans.

Trading in the Inchcape convertible was heavy throughout the week, dealers reported. Even through the mid-week hiccup in London equity prices, which pushed down the Inchcape share price significantly, the quotation for the convertible remained comfortably above par.

Last week's firm market conditions were not by any means confined to the US dollar sector. The European Coal and Steel Community's Can. $25m. issue went very well, was closed at 100½ on Monday and by the end of the week was quoted well above that. It is significant as the first real success in this sector of the market this year.

In the D-mark sector demand has picked up extremely strongly. A premium pricing was expected to Norway's DM200m. issue despite the fact that the coupon was a quarter of a point below the previous Norwegian issue. Only the Caisse Centrale de Cooperation Economique (CCCE) issue languished a bit, largely because of its long maturity, dealers said.

In connection with the European Investment Bank's proposed European issue, it has emerged that the only joint lead manager with Daiwa Securities will be S. G. Warburg. Warburg's has of course been particularly prominent in managing Eurobond issues by Japanese borrowers in recent years and has a long-standing relationship with the EIB. However, it is interesting none the less, that these kind of considerations should have outweighed the potential sensitivity of having a blacklisted bank as joint lead manager for the first ever yen-denominated issue outside Japan.

The assumption had been that insofar as the development of a Euro-yen sector of the international bond market was aimed at enabling investor[illegible] from other curren[illegible] the Japanese auth[illegible] have been particul[illegible] open the way to[illegible] ment from the Midd[illegible] ever the explanatio[illegible] be that the curre[illegible] EIB issue is a E[illegible] aimed at European [illegible] does not preclud[illegible] issues at a later da[illegible]

The funding ope[illegible] European Economi[illegible] was completed las[illegible] the second $100m. [illegible] $300m. floating r[illegible] Community arrang[illegible] The new $100m. [illegible] put up for 5½ years [illegible] 4½ years) by a [illegible] nine Dutch bank[illegible] Algemene Bank N[illegible] fixed rate of 7¾ pe[illegible]

CURRENT EUROBOND ISSUES

Borrower	Amount $m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
US DOLLARS							
Elf Aquitaine	75	1985	Bullet	8¼	100	UBS Securities	8¼
Singer	50	1982	Bullet	8¼	100	Goldman Sachs	8¼
‡Inchcape (Bermuda)	35	1992	—	6¼	100	Barings, CSWW	—
EMI Finance	50	1989	10¼	9¼	*	Lazard Bros.	*
Mitsui Petrochemical	25	1984	5.56	8	100	Nomura (Europe)	8
†Genossenschaftliche Zentralbank	40	1983	Bullet	6 min.	100	S. G. Warburg	6.09 min.
†Union Bank of Finland	30	1982	Bullet	6¼ min.	100	Citicorp Intnl.	6.61 min.
Bayer International	60	1984	Bullet	7½	100	Deutsche, Morgan Stanley	7½
†IMDBI	30	1984	Bullet	6¼ min.	100	Merrill Lynch	6.86 min.
L. M. Ericsson Telefon	30	1989	9	8½	*	Skandinaviska Enskilda, Warburg, Svenska Handelsbanken	*
Ishikawajima Harima	45	1982	Bullet	7½	*	First Boston (Europe) Orion, County Bank,	*
†International Westminster Bank	75	1984	Bullet	6 min.	100	CSWW	6.09 min.
Ontario Hydro	100	1987	Bullet	8	*	Deutsche Bank	*
Bell Canada	75	1987	Bullet	8	*	UBS (Securities)	*
Privatbanken	30	1984	Bullet	8	100	Kredietbank (Luxbge.)	8
D-MARKS							
Austria	DM150m.	1985	7	6¾	100	Deutsche Bank	6¾
CCCE	DM100m.	1989	8.4	7	99½	Commerzbank	7.06
ADB	DM100m.	1985	Bullet	7	100	Deutsche Bank	7
Norway	DM200m.	1982	Bullet	6¼	*	Deutsche Bank	*
RENFE	DM100m.	1984	Bullet	8	*	WLB	*
SWISS FRANCS							
Kaiser Aluminium	Sw.frs.60m.	1992	na	5¼	100	Union Bank	5¼
Cie Nationale du Rhone	Sw.frs.80m.	1992	na	5¼	99	Swiss Bank Corp.	5.60

* Not yet priced ‡ Convertible † Floating rate note

Note: In some cases terms are indications only

BONDTRADE INDEX

	Friday	High
Medium	102.74	103.8
Long	95.16	95.1
Convertible	108.33	110.4

EUROBOND TURNOVER

Nominal Value $m.

	U.S. $ Bonds Last week	Previous week	Ot[illegible] Last week
Cedel	726.5	436.1	95.8
Euroclear	656.1	806.2	80.7

Indices

NEW YORK—DOW JONES

	Mar. 25	Mar. 24	Mar. 23	Mar. 22	Mar. 21	Mar. 18	1977 High	1977 Low	Since compilation High	Since compilation Low
Industrial	928.86	935.67	942.32	950.96	953.54	961.02	999.75 (3/1)	928.86 (25/3)	1051.70 (11/1/73)	41.22 (2/7/32)
HomeB'nds*	91.15	91.10	91.14	91.22	91.20	91.09	93.57 (5/1)	90.59 (7/3)	—	—
Transport	226.29	228.25	228.72	229.55	230.18	231.55	237.52 (5/1)	221.81 (25/2)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	105.22	105.50	106.72	106.40	106.88	107.52	111.87 (25/1)	104.97 (25/2)	165.32 (20/4/69)	10.59 (28/4/42)
Trading vol. 000's	18,550	19,550	19,360	18,880	18,040	19,340	—	—	—	—

* Basis of index changed from July 1.

	Mar. 18	Mar. 11	Mar. 7	Year ago (approx.)
Ind. div. yield %	4.41	4.47	4.45	3.76

STANDARDS AND POORS

	Mar. 25	Mar. 24	Mar. 23	Mar. 22	Mar. 21	Mar. 18	1977 High	1977 Low	Since compilation High	Since compilation Low
*Industrials	110.87	110.82	111.40	112.41	112.75	113.57	118.92 (3/1)	110.07 (25/3)	134.64 (11/1/73)	3.52 (30/6/32)
†Composite	99.06	99.70	100.20	101.00	101.51	101.86	107.00 (3/1)	99.06 (25/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Mar. 23	Mar. 16	Mar. 9	Year ago (approx.)
Ind. div. yield %	4.18	4.09	4.17	3.25
Ind. P/E Ratio	10.46	10.69	10.45	14.04
Long Govt. Bond yield	7.71	7.72	7.76	5.67

N.Y.S.E. ALL COMMON

Mar. 25	Mar. 24	Mar. 23	Mar. 22	1977 High	1977 Low
53.82	54.25	54.52	54.93	57.87 (4/1)	53.82 (25/3)

Rises and Falls	Mar. 25
Issues Traded	1,869
Up	474
Down	927
Same	468
New Highs	34
New Lows	138

MONTREAL

	Mar. 25	Mar. 24	Mar. 23	Mar. 22	1977 High	1977 Low
Industrial	—	185.68	183.75	183.85	185.47 (17/3)	176.39 (21/1)
Combined	—	181.15	181.20	181.34	182.73 (16/3)	175.20 (18/1)
TORONTO Composite	1023.1	1024.5	1025.4	1024.5	1032.3 (16/3)	992.0 (18/1)
JOHANNESBURG Gold	178.0	181.0	183.5	186.6	192.3 (7/3)	146.9 (7/2)
JOHANNESBURG Industrials	178.4	171.2	171.7	171.9	186.8 (7/1)	171.2 (24/3)

	Mar. 25	Pre-vious	1977 High	1977 Low
Australia (a)	446.15	444.54	447.32 (17/1)	419.68 (16/2)
Belgium (b)	93.68	93.90	99.12 (10/1)	92.61 (20/2)
Denmark (d)	107.71	107.83	107.65 (23/3)	98.96 (6/1)
France (e)	48.9	50.4	58.4 (7/1)	48.9 (25/3)
Germany (f)	731.2	734.1	754.1 (10/1)	712.0 (10/3)
Holland (g)	86.8	86.9	86.8 (25/3)	81.2 (28/1)
Hongkong (h)	420.06	419.37	447.08 (6/1)	415.40 (14/3)
Italy (k)	67.47	67.21	73.71 (6/1)	65.76 (21/3)
Japan (m)	375.17	374.13	383.79 (9/2)	374.15 (24/3)
Singapore (n)	248.38	248.32	260.29 (10/1)	248.32 (24/3)

	Mar. 25	Pre-vious	1977 High	1977 Low
Spain (p)	94.83	94.79	102.57 (1/3)	89.95 (11/2)
Sweden (q)	414.06	413.06	416.68 (22/3)	369.10 (4/2)
Switz'l'd (r)	—	287.6	292.8 (11/1)	280.3 (3/8)

Indices and base dates (all base values 100 except NYSE All Common—50, Standards and Poors—10 and Toronto 300-1,000, the last-named based on 1975.) (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/76. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp. 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (c) Closed.

OVERSEAS SHARE INFORMATION

NEW YORK

1977 High	1977 Low	Stock	Mar. 25
57⅝	47¼	Xerox	47⅛
14⅝	10⅝	Zapata	10⅝
26⅞	23⅝	Zenith Radio	24⅞
91½	91	Chile 5% 1993	†91½
95	92⅝	U.S. Treas.4% 1980	†94
86	81⅞	U.S.Treas4¼%75/85	†83
4.76%	4.52%	U.S. 90 Day bills	4.61%

Investment premium based on $2.60 per £1—111¼% (111%)

GERMANY ♦

Mar. 25	Price Dm.	+ or —	Div. %	Yld. %
A.E.G.	90.1	+0.1	—	—
Allianz Versich.	414	−0.5	18	2.2
B.M.W.	225.5	−1.5	18	4.0
BASF	161.4	+0.7	14	4.4
Bayer	140.1	+0.1	14	5.0
Bayer Hypo	269	−1	20	3.7
Bayer Vereinsbk.	273		20	3.1
Commerzbank	183.8	−0.8	18	4.8
Contl. Gummi	65.8	−0.2	—	—
Daimler Benz	332	−2	17	2.5
Degussa	241	+2	18	3.7
Demag	143	+1	16	5.5
Deutsche Bank	277.5		20	3.6
Dresdner Bank	222	−1.8	20	4.5
Dyckerhoff Zemt.	120	−1.5	6	4.5
Gutehoffnung	168.5	−0.5	14	4.1
Hapag Lloyd	125	+2	12	4.8
Harpener	171	+6	9	5.2
Hoechst	141.5	+0.2	14	5.0
Hoesch	45.8	+0.8	—	—
Horten	125.5	−1	14	5.6
Kali und Salz	116		7	3.0
Karstadt	344	−1	20	2.9
Kaufhof	208.7	−0.3	20	4.8
Klockner DM.100	93.4	+1.4	—	—
Klock Humbolt	144.5	−0.5	10	3.4
Krupp	99		—	—
Linde	200.2	−0.8	16	4.0
Lowenbrau	1,665		20	1.2
Lufthansa	98		4	2.0
M.A.N.	154		14	4.5
Mannesmann	168	−0.5	7	4.1
Metallge S.	412	−1	10	4.7
Munch. Ruckvers	485	+3	18	1.9
Neckermann	42	+0.1	—	—
Preussag	150	+5	7	4.8
Rhein West Elect	163		17	4.9
Schering	279.5	−1.3	20	3.6
Siemens	348.9	−0.3	16	2.8
Sud'eutscheZcker	235	+4.5	19	4.2
Thyssen Hutte	115.8	+0.8	14	6.0
Varta	255.8	+1.8	14	2.7
VEBA	125.1	−0.9	12	4.8
Verein & West Bk	299		20	3.0
Volkswagen	146	−0.6	—	—

JOHANNESBURG

MINES

March 25	Rand	+ or —
Anglo American Corpn.	3.90	+0.05
Blyvooruitzicht	6.10	
East Driefontein	9.25	−0.25
Elsburg	1.65	−0.04
Harmony	6.40	+0.05
Kinross	4.55	+0.05
Kloof	6.25	−0.25
Rustenburg Platinum	1.54	−0.01
St. Helena	18.50	−0.25
South Vaal	5.85	+0.10
Free State Geduld	†21.00	
Gold Fields SA	19.80	−0.50
Union Corporation	4.00	+0.05
De Beers Deferred	4.37	−0.08
East Rand Pty.	†4.65	−0.10
President Brand	17.00	−0.50
President Steyn	11.25	−0.25
Stilfontein	3.55	−0.05
Welkom	3.30	−0.10
West Driefontein	†28.75	−1.25
Western Holdings	34.75	−0.25

INDUSTRIALS

March 25	Rand	+ or —
African Explos. and Chem.	1.90	+0.05
Anglo-Amer. Industrial	8.00	
Barlow Rand	2.70	
CNA Investments	†1.20	
Currie Finance	0.40	
De Beers Industrial	†7.10	
Edgars Consolidated Inv.	2.00	
Edgars Stores	†23.00	
Ever Ready SA	†1.10	+0.05
Federale Volksbeleggings	1.87	
Greatermans Stores	2.55	
Guardian Assurance (SA)	1.28	
Huletts	1.80	−0.05
LTA	†1.15	
McCarthy Rodway	0.45	−0.01
NedBank	1.63	
OK Bazaars	5.50	−0.10
Premier Milling	6.35	−0.07
Pretoria Cement	2.65	
Protea Holdings	0.56	
Rand Mines Properties	1.70	−0.05
Rembrandt Group	2.45	
Retco	0.45	−0.01
Sage Holdings	1.10	
SAPPI	1.52	
C. G. Smith Sugar	†5.80	−0.10
Sorec	†0.40	
SA Breweries	0.80	
Tiger Oats and Nat. Milling	7.30	−0.15
Unisec	0.95	−0.01

AMSTERDAM

Mar. 25	Price Fls.	+ or —	Div. %	Yld. %
Ahold (Fl.20)	85.1	−1.9	20	4.6
Akzo (Fl.20)	30.6	+0.2	—	—
AlgemBnk.(Fl.100)	314	+1	22.50	7.0
AMEV (Fl. 10)	55.6	−0.4	38	6.8
AmroBank (Fl.20)	66.9	+0.9	23	6.7
Bijenkorf (Fl.20)	83.5		23	5.5
Boka Westm.Fl.10	118.9	+0.9	57½	4.9

CANADA

AUSTRALIA

Mar. 25	Aust. $	+ or —
ACMIL	†0.66	+0.02
Acrow Australia	†0.66	
Adelaide Brighton Cemt.60c	†1.12	+0.01
Allied Mnig.Trdg.Indus.$1	†1.57	+0.04
Ampol Exploration	†0.93	
Ampol Petroleum	†0.55	+0.01
Assoc. Minerals	†1.50	

PARIS

Mar. 25	Price Frs.
Rente 4½	651
Afrique Occid'tle	327
Air Liquide	305
Aquitaine	262
BIC	678
Bouygues	278
B.S.N. Gervais	391

TOKYO

COPENHAGEN

STOCKHOLM

BRUSSELS/LUXEMBOURG

SWITZERLAND

MILAN

VIENNA

OSLO

BRAZIL

SPAIN

TEL AVIV

SINGAPORE

Source Nikko Securities, Tokyo

هكذا من الأصل

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Guardian Royal Ex. Unit Mgrs. Ltd.

Royal Exchange, EC3P 3DN. 01-628 8011

(ag) Guardhill Tst.	72.1	74.7xd	-0.6	4.99

FINANCIAL TIMES STOCK INDICES

	Mar. 25	Mar. 24	Mar. 23	Mar. 22	Mar. 21	Mar. 18	A Year ago
Govt Secs	69.35	69.49	69.41	69.09	†68.85	69.49	62.17
Fixed Interest	68.52	68.56	68.34	67.97	†7.59	57.94	61.79
Industrial Ordinary	418.1	421.4	427.4	419.4	414.4	428.5	410.4
Gold Mines	131.2	134.5	136.8	137.0	139.4	138.5	173.2
Ord. Div. Yield	5.36	5.31	5.23	5.29	5.35	5.19	5.07
Earnings Yld%(full)(*)	16.73	16.60	16.34	16.55	16.84	16.33	15.16
P/E Ratio (net) (*†)	8.75	8.83	8.96	8.80	8.70	8.97	9.65
Dealings marked	6,186	6,959	6,330	6,818	7,565	7,040	5,920
Equity turnover £m.	—	93.28	101.01	78.25	66.11	75.20	59.25
Equity bargains total	—	18,953	15,959	18,669	17,426	18,308	17,152

10 a.m. 419.9. 11 a.m. 418.1. Noon 417.8. 1 p.m. 417.2. 2 p.m. 417.5. 3 p.m. 417.1.

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. Nil=8.69.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec 1942. † Corrected.

HIGHS AND LOWS

	1976/7 High	1976/7 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	69.49 (18/3/77)	55.88 (27/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	68.56 (24/3/77)	55.37 (28/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	455.8 (17/3/77)	265.3 (27/10)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	446.9 (3/1/76)	78.6 (25/8)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	Mar. 25	Mar. 24
Daily—		
Gilt-Edged	196.0	172.3
Industrials	212.8	217.2
Speculative	42.8	37.0
Totals	140.8	135.5
5-day Av'r'ge		
Gilt-Edged	192.9	192.8
Industrials	228.0	234.6
Speculative	46.5	†48.1
Totals	148.7	152.5

FT—ACTUARIES INDICES

—	March 25	March 24	March 23	March 22	March 21	March 18	Year ago
Industrial Group	166.54	167.83	168.83	166.44	164.53	168.38	161.07
500 Share	189.10	190.52	192.43	189.97	188.11	192.73	177.13
Earnings yld. pc	5.75	5.70	5.65	5.72	5.77	5.63	5.53
P/E ratio (net)	9.34	9.41	9.50	9.38	9.29	9.66	10.14
All-share	175.46	176.76	176.47	176.50	174.83	179.19	167.17
Red. Deb. yield pc	12.54	12.53	12.60	12.60	12.58	12.52	13.94

HONG KONG

Hong Kong $	Mar. 25	Mar. 18
...948	87.00x	87.00
... Rubber	x1.48	x1.48
...	—	—
... & Power	20.00	19.60
...	†40.50	41.01
... Properties	1.22	1.20
...r Tunnel	†10.00	x9.90
...gation	†5.70	x5.46
... Aircraft	68.50	70.00
... Whampao Docks	9.25	9.25
... Electric	5.20	5.10
...owloon Wharf	15.00	15.00
... Land Invest.	7.00	7.00
... Shanghai Bank	17.50	17.40
... Shanghai Hotels	12.90	12.60
...International	3.17	3.13
...e Securities	6.50	6.55
...heson	†6.70	†6.60
...	x8.60	x9.95
...	†1.50	1.46
...	†5.90	†6.05
... Prop.	0.64	—
...ctile	—	†29.30
... A...	8.75	8.40
...nce	—	—
... of Hong Kong	—	—
...arden	2.47	2.48
...aritime	4.05xd	4.00
...strial	1.98	2.00
...	†7.35	7.55

‡ Seller. n Nominal. xd Ex-...

SINGAPORE STOCKS

Mar. 25	$	Mar. 25	$
Industrials			
Bovis	0.41½	StraitsTrad'g	5.65
Boustead Co.	†1.58	Temengrong	†1.11
Boustead Bhd	1.63	Times Pub. Berhad	3.02
Dunlop	3.21	U. Engineers	1.62
Esso	1.76	U. Ov's. Bk.	3.08
Fraser Neave	3.92	Wearne	2.84
Haw Par	0.86½	Tractor	3.24
Hume Ind.	1.34	Chemical	†3.74
Inchcape	2.29	Willm Jacks.	1.20
Jardine	1.84	Rubbers	
Malay Brew.	†6.00	Batu Lintang	1.0
Malay Cemt.	2.61		
Mal. Tobacco	†6.06	Dunl'p Estate	1.83
Met. Bx. Sing.	†1.60	Kempas	2.71
Ov's Chin. Bk	6.80	Tins	
Pan Electric	1.83	Austral. Am.	—
Robinson Co.	†1.60	Berjuntai	†14.40
Rothman	†5.00	Kampar	—
Shell	5.35	Kramat	—
Sime Darby	3.16	Kuchai	—
Cold Storage	2.75	Lower Perak	—
Straits Steam	2.92	Petaling Tin	—
Straits Times (1975) Ltd.	†3.76	Supreme Cp.	—
		Tongkah Har.	—

† Buyer. ‡ Seller. — Unquoted.

INSURANCE, PROPERTY, BONDS

Schroder Life Group

Enterprise House, Portsmouth. 0705 27733

Flex. March 22	111.8	117.8	......	—
Equity March 15	128.1		......	—
Ser. 2 March 22	191.2	190.3	......	—
Prop. March 22	124.7	131.4	......	—
Fxd. Int. March 22	128.3	135.1	......	—
Deposit March 22	108.4	114.2	......	—
Pns Cps March 22	159.5	167.0	......	—
Pen. Acc. March 22	181.3	191.0	......	—
Execu. Pen. Cap.	111.02		......	—
Exec. Pen. Acc.	115.92		......	—
Money Fund	102.3	107.8	......	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ϕ. § Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax.

INSURANCE BASE RATES

† Property Growth 11½%

Cannon Assurance 9½%

†Address shown under Insurance and Property Bond table.

CORAL INDEX Close 417-422

I.G. Index 01-351 3466. Three months copper 917-927

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Indian Electronic Components Exbn. (cl. Mar. 31)	28-30 Cork St., W.1
Current	Daily Mail Ideal Home Exhibition (cl. Apr. 2)	Olympia
Current	Eng. Inspection & Quality Control Ex. (cl. Apr. 1)	Nat. Exbn. Centre, B'ham.
To-day	Autoquip '77 Exhibition (cl. Apr. 1)	Wembley Conf. Centre
To-day	Business & Management Teaching Aids Exbn.	Bristol
Mar. 29—Apr. 1...	Frozen Food Exhibition	Metropole Centre, Brighton
Mar. 31—Apr. 1...	Heating & Ventilation Exhibition	West Centre Hotel, S.W.6
Apr. 19—21	Electronics Exhibition	Grosvenor House, W.1
Apr. 19—24	High Fidelity '77 Exhibition	Heathrow Hotel
Apr. 20—22	Offshore Repair & Maintenance Exhibition	Metropole Centre, Brighton
Apr. 24—30	Int. Food Manufacturing & Machinery Exhibition	Nat. Exbn. Centre, B'ham.
Apr. 25—29	Small Part Production Exhibition	Nat. Exbn. Centre, B'ham.
Apr. 25—29	Int. Fire Security & Safety Exhibition	Olympia
Apr. 26—29	Electronic Production Equipment Exhibition	U.S. Trade Center, W.1
Apr. 28—May 6...	Foundry 77 Exhibition	Nat. Exbn. Centre, B'ham.

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	British Export Fair (cl. Apr. 2)	Tokyo
Current	International Building Exhibition (cl. Apr. 2)	Utrecht
Current	Lyons International Fair (cl. Apr. 4)	Lyons
Mar. 31—Apr. 6...	International Electronic Components Exbn.	Paris
Apr. 14—23	International Trade Fair	Milan
Apr. 17—24	International Food Fair	Thessalonika
Apr. 18—24	International Spring Fair	Zagreb
Apr. 20—28	Hanover Fair '77	Hanover
Apr. 21—May 1...	Int. Building & Public Works Exhibition	Madrid
Apr. 23—May 3...	International Motor Exhibition	Barcelona
Apr. 23—May 8...	Brussels Trade Fair	Brussels
Apr. 30—May 15.	International Trade Fair	Paris

BUSINESS AND MANAGEMENT CONFERENCES

Mar. 29	ICMA: ED 18 & the Management Accountant	Washington Hotel, W.1
Mar. 29—30	PBIS: Building Sub-Contract Forms	21, Montagu St., W.1
Mar. 30	Stanford Research: Decision Analysis	Dorchester Hotel, W.1
Mar. 30—31	Financial Times, Employment Conditions Abroad Limited: International Executive Employment	Royal Lancaster Hotel, W.2
Apr. 4—5	Leicester University: Industrial Democracy	Leicester
Apr. 5	Imperial College: Financial Management	Exhibition Road, S.W.7
Apr. 6	London Business School: The Bullock Report	Sussex Place, N.W.1
Apr. 6	The Offshore Centre: Offshore U.S.A.	211, Regent St., W.1
Apr. 7	Inter-bank Research Organisation: Financial Decision Making on a Group Wide Basis	Moor House, E.C.2
Apr. 12—13	Financial Times, Norwegian Journal of Commerce and Shipping: Oil and the Norwegian Economy	Oslo
Apr. 13—14	Queen Mary College: Commercial Operations in Europe	London Hilton, W.1
Apr. 13—15	Leeds University: The Computer in Transport Management	Leeds
Apr. 14	Henley Centre for Forecasting: The Budget	Carlton Tower Hotel, S.W.1
Apr. 14—15	World Trade Institute: Export Documentation and Finance	St. Katherine's Way, E.1
Apr. 15—18	Institute of Personnel Management: Government Intervention in Industrial Relations	Oxford
Apr. 18	Dunchurch Industrial Staff College: Export Management	Rugby
Apr. 19	Legal Studies & Services: Exporting Goods and Services to the U.S.A.	Intercontinental Hotel, W.1
Apr. 19—20	Financial Times: Industrial Relations in 1977	Royal Lancaster Hotel, W.2
Apr. 20	Agra Europe: The CAP & the U.K. Food Industry	Wye College, Kent
Apr. 20	Business Intelligence Services: Computer People—the 1980s	Carlton Tower Hotel, S.W.1
Apr. 21	Institute of Chartered Accountants: International Accounting Standards Conference	London Hilton, W.1
Apr. 21	London Chartered Accountants: The Stock Exchange	Stock Exchange Council Room
Apr. 25—29	P-E Consulting Group: Sales Management and Sales Training	Training Centre, Egham
Apr. 25—29	Coverdale: Practice of Management Principles	Brockenhurst
Apr. 26—27	Professional, Business & Industrial Management Studies: Cash & Credit Control	21, Montagu St., W.1
Apr. 28	European Study Conferences: Regional Weightings and Allowances	Inn on the Park, W.1

This week in Parliament

TO-DAY

Commons: Conclusion of Defence Debate. Remaining stages of General Rate (Public Utilities) Bill (Lords), and of Marriage (Scotland) Bill (Lords). Motion on EEC Documents on Fishery Resources.

Select Committee: Expenditure. Education, Arts and Home Office Sub Committee. Subject: The attainments of the school leaver. Witnesses: Society of Education Officers; Technical Education Council. (4.15 p.m. Room 13).

TO-MORROW

Commons: Chancellor of the Exchequer opens Budget. EEC Documents on Economic Policy Guidelines will be relevant. 7 p.m. Opposed Private Business. Proceedings on Agricultural Holdings (Notice to Quit) Bill (Lords) and on British Airways Board Bill (Lords).

Lords: International Finance, Trade and Aid Bill, third reading. Jobs Release Bill, third reading. Community Land (Excepted Development Amendment (Wales) Regulations 1977; Compulsory Acquisition Public Authorities (Compensation) Amendment No. 2 (Wales) Order 1977; Nuclear Industry (Finance) Bill, third reading; Representation of the People Bill Committee and remaining stages; Passenger Vehicles (Experimental Areas) Bill (House of Lords) third reading; European Communities (Definition of Treaties) Order 1977; European Communities (Definition of Treaties) (No. 2) Order, 1977; New Towns (Scotland) Bill, second reading; Town and Country Planning (S) Bill (House of Lords), consideration of Commons amendment; Returning Officers (S) Bill, committee and remaining stages; Patents Bill (House of Lords) committee

WEDNESDAY

Commons — Continuation of Budget debate. Debate on the ruling by Chairman and Ways and Means on February 10.

Lords—Debate on problems at the hearts of cities.

Select *Committees* — Expenditure, Trade and Industry Sub-Committee. Subject: Public Expenditure White Paper Export Credit Finance. Witnesses: Officials from Department of Trade; Treasury; Bank of England; ECGD. (10.15 a.m. Room 16). European Legislation, sub-committee 1. Subject: Ethyl Alcohol. Witnesses: Chemical Industries Association; Vodka Trade Association; Scotch Whisky Association (10.30 a.m. Room 5). Overseas Development. Subject: Trade Policy and Aid Policy. Witnesses: Import Opportunities Office (4.15 p.m. Room 6). Expenditure, Social Services and Employment Sub-committee. Subject: The Job Creation Programme. Witnesses: Department of Employment; the Manpower Services Commission. (4.30 p.m. Room 7).

THURSDAY

Commons — Continuation of Budget debate.

Lords — Merchant Shipping (Safety) Convention Bill (House of Lords), second reading; debate on 13th report of EEC on European Development Fund. Unstarred question on the number of civil servants employed in London, what degree of dispersal there will be in the next five years and what proposals there are for economic and convenient accommodation for those remaining in London.

FRIDAY

Commons—Private Members' motions.

TO-DAY

COMPANY MEETINGS—
Granada Group, 36, Golden Square, W., 12.30
Jackson (J. and H. B.), Coventry, 12
Lancashire and London Inv., Winchester House, E.C., 11
Temple Bar Inv., Electra House, Victoria Embankment, W.C., 10.45
Telephone General Trust, Electra House, Temple Place, Victoria Embankment W.C., 11.45
Westinghouse Brake and Signal, Connaught Rooms, W.C., 11.30

BOARD MEETINGS—
Finals:
Black and Edgington
Brent Chemicals International
Clayton Dewandre
Dufay Bitumastic
Fisher (James)
Freemans (London S.W.9)
Johnson (C. H.)
Oirex
Quick (H. and J.)
Reckitt and Colman
Willis Faber
Wolstenholme Bronze Powders
Wood (Arthur) (Longport)
Interims:
Barratt Developments
Moran Tea
Mucklow (A. and J.)
Paterson Zochonis
Pifco

DIVIDEND & INTEREST PAYMENTS—
Associated British Foods Ln. 3¼pc
Imperial Continental Gas Capital 3.5p
Mid-Sussex Water Db. 7¼pc
Rawlings Bros. 0.625p
Scottish Cities Investment Trust Ord. and A 2.25p

TO-MORROW

COMPANY MEETINGS—
Ashdown Inv. Trust, 120 Cheapside, E.C. 3
Yeoman Investment Trust, 8, Waterloo Place, S.W., 3

BOARD MEETINGS—
Finals:
Amalgamated Metal Corp.
American Trust
Bulgin (A. F.)
Law Land
Levex
Savoy Hotel
Solicitors Law Stationery Society
Warne Wright and Rowland
Interims:
A.B. Electronic Components
Lister
Scottish Metropolitan Property

DIVIDEND & INTEREST PAYMENTS—
Afan 12¼pcBds. Red. 5/10/77 6⅛pc
Assam Frontier Tea 6pcPfd. 2.1p
Basingstoke 12¼pcBds. Red. 5/10/77 6⅛pc
Birmingham 12¼pcBds. Red. 5/10/77 6⅛pc
Bolton 12¼pcBds. Red. 5/10/77 6⅛pc
Bristol 12¼pcBds. Red. 5/10/77 6⅛pc
Broxbourne 12¼pcBds. Red. 5/10/77 6⅛pc
Charter Cons. Investments Ln. 2½pc
Epping 12¼pcBds. Red. 5/10/77 6⅛pc
Folkestone and District Water 7pc (fmly. 10pc) Max. Ord. 3.5p. 4.9pc (fmly. 7pc) Max. Ord. 2.45p. 4.9pc (fmly. 7pc) Max. New Ord. (1953 issue) 2.45p. 3.5pc (fmly. 5pc) Max. Ord. 1.75p

[illegible]

Thermal Syndicate 3.5p
Treasury Ln. 15½pc 1998 £7.10. 15½pc 1998 A £4.68
Wakefield 10¼pcBds. Red. 30/3/77 £5.2935
Watford 10¼pcBds. Red. 30/3/77 £5.2935
West Kent Water 3.5pc (fmly. 5pc) Cons. Ord. 1.75p. 2.8pc (fmly. 4pc) Pf. 1.4p. 3.15pc (fmly. 4½pc) Red. Pf. 1.575p. 4.025pc (fmly. 5¾pc) Red. Pf. 83-86 2.0125p. 4.2pc (fmly. 6pc) Red. Pf. 81-83 2.1p
West Oxfordshire 10¼pcBds. Red. 30/3/77 £5.2935
Worthing 10¼pcBds. Red. 30/3/77 £5.2935
Wrexham and East Denbighshire Water 4.9pc (fmly. 7pc) Cons Ord 2.45p. 3.5pc (fmly 5pc) Cons. Pf. 1.75p. 4.2pc (fmly. 6pc) Red. Pf. 85-87 2.1p. 7pc (fmly. 10pc) Red. Pf. 1977 3.5p

THURSDAY, MARCH 31

COMPANY MEETINGS—
Ball, W. W. Abercorn Rooms, E.C., 11.30
Bath and Portland, Bath, 12

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not available whether dividends concerned are interims or finals. The sub-division shown below *is based mainly on last year's time-table.*

Carrington Viyella, The Dorchester, W., 12
Debenture Corp., Winchester House, E.C., 12
Drake and Scull, Carlton Tower Hotel, S.W., 11.30
Drayton Far Eastern Trust, 117, Old Broad Street, E.C., 12.15
Glass and Metal, Connaught Rooms, W.C., 10
Greenfield Milletts, Abercorn Rooms, E.C., 12
Laganvale Estates, 1a, Queens Gate, S.W., 3
Lloyds Bank International, 71, Lombard Street, E.C., 3

[illegible]

Glenlivet Dists. Ln. 4½pc
Globe Inv. Db. 2pc. Ln. 2¾pc
Glover Main 6pcPf. 2.1p
Glynwed Ln. 5¼pc
Grand Hotel Dbs. 4p
Grand Met. Lns. 4¼. 4¾pc. Ln. 5pc
Grant (James) 7½pcPf. 2.625p
Great Portland Ests. Db. 4¼pc
Great Universal Stores 3.23125p. Ln. 3¼pc
Greenhaven Dbs. 3 3¼pc. Ln. 3¼pc
Gresham Lns. 3¼ 3½ 4pc
Grovebell 9pcPf. 2.925pc
Guard Bridge Paper Db. 3½pc

[illegible]

Westminster Property Group Db. 3¼pc
Whitbread Invests. Dbs. 2¾ (80-85) and 2¾pc (84-89)
Wigfall (Henry) Son 6pcPf. 2.1p. Ln. 3¼pc
Wilkinsons and Riddell (Hldgs.) 5pcPf. (tax free up to 30pc) 2.375p
Williams Hudson Group Ln. 4¼pc
Williams Hudson Ltd. 4½pcPf. 1.575p. Dbs. 3 and 3½pc
Wilmot-Breeden (Hldgs.) Db. 3¼pc
Wilson (Connolly) Hldgs. Db. 4pc
Wolverhampton and Dudley Brews. Db. 3pc

[illegible]

Dfls. 60.000.000,-
6½% bearer guaranteed Notes of 19
due 1976/1979
of
HOLIDAY INNS OVERSEAS CAPITAL CORPORATION

SECOND ANNUAL REDEMPTION INSTALMENT

(Redemption Group No. 4 having fallen due on May 1, 1976)

Notes belonging to Redemption Group No. 2 *will be redeemed on and after*

MAY 1, 1977

in accordance with drawing effected on March 14, 1977 pursuant to the Terms and Conditions.

Paying Agents:
Amsterdam-Rotterdam Bank N.V.
Algemene Bank Nederland N.V.
Bank Mees & Hope NV
Pierson, Heldring & Pierson N.V.
in Amsterdam
and
Banque Générale du Luxembourg S.A.
in Luxembourg

March 28, 1977

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HOME NEWS

OF-BUDGET NEWS AND VIEWS

.iberals put tax-ease plan

NTHONY HARRIS

.IBERAL PARTY has d a proposal to halve ,fen of income tax over ,s as part of a deal with a unions. scheme, already shown Chancellor and to some .aders, and claimed to d a positive reception, on the idea of transferring the burden to a new security tax paid by ...

ould be possible if the greed to accept a con- increase in take-home a substitute for wage Under the Liberal social security tax ise by 6 per cent. of n each of the next two nd the unions would 6 per cent. wage in-

the costs to employers exactly the same as igher wages instead of tax, employees would ince the average rate of their lower nominal would be much lower. reasury would lose a r 35 per cent. of the burden transferred each year, since it would forgo the income tax paid on a wage increase. The whole proceeds of the social security tax would be used to reduce income tax.

The Liberals estimate the cost to the Treasury at £1.6bn. in the coming financial year and £1.7bn. in the following year, the measure of net gain to private taxpayers.

While they do not expect this proposal to feature in the coming Budget, especially since it was floated privately some weeks before the present arrangement between the Liberals and the Government, they urge it as a feature of the coming pay negotiations.

The proposed rate of social security tax, 21 per cent. of payroll by the end of the scheme, is broadly in line with other European countries, but the opportunity for a massive cut in income tax exists only while unions will offer wage restraint to correspond with the social security tax increase, it is claimed.

Without union agreement, the proposed transfer would be inflationary.

They claim that an income tax structure with a standard rate of 20 per cent. and a maximum of 50 per cent. would abolish the poverty trap, greatly reduce the value of tax concessions on such things as mortgages, and create conditions for a worthwhile wealth tax.

Call to lift top salaries

THE BRAIN DRAIN of top management will get worse unless the Government allows companies to pay more, it is claimed to-day.

Mr. Garry Long, deputy managing director of the MSL group of London management selection consultants, said overseas demand for executives was rising.

His company's analysis of overseas demand for British executives showed that in 1975 average overseas demand was 700 executives a month. In 1976 it rose to over 1,000 a month and the figure showed no sign of dropping.

"The British economy would need the skills of top level management when the situation improved, Mr. Long maintained.

"Yet the U.K. executive's unfavourable pay and tax situation will continue to lead these people to prefer much more attractive remuneration overseas, so starving our industry of the best executive expertise at the time when it is most critical," he said.

If incomes policy restrictions were lifted, employers would probably have to pay bigger wage rises for executives than had been used to previously.

Executives most in demand overseas are those in building and related fields, which account for about two-thirds of the overseas jobs advertised in Britain.

Mr. Long said the Government promised to give incentives to middle management in the Budget. "It is hoped that it will be substantial enough to make a difference."

aley 'ignoring tax model'

CHAEL BLANDEN

OME TAX cuts which ally expected to feature row's Budget could prohighly unsatisfactory consequences," according the Treasury's own model, it is stated by stockbrokers L.

ne Treasury forecasting the U.K. economy, s recently made availne public, but feeding own assumptions, the have examined the of probable policy

tion in income tax of y find, would have one favourable effect on the economy —an increase in output of 0.6 per cent. over a year. In other respects, however, the result would be "extremely damaging to the economy."

A £2bn. reduction would bring a 1.4 per cent. jump in consumption in the first year, with a fall of 0.8 per cent. in investment and a dramatic worsening of the balance of payments.

After six quarterly periods following the tax cuts, the deterioration in the current account would be about two-thirds of the original £2bn. injection of demand and the public sector borrowing requirement would eventually rise by more than the tax cut.

The fall in investment was somewhat surprising, but apart from this and the unduly large effect on the public sector borrowing requirement, "the effects look plausible, if rather gruesome."

After making other tests of the Treasury model, the brokers found a "fatal flaw" in its exclusion of money. They conclude: "we can be fairly confident that in practice, Mr. Healey and his closest advisers disregard the model."

Civil servants

The Society of Civil and Public Servants sought £3.7bn. relief on income tax and a £2bn. restoration of public spending cuts which, it said, could be achieved within the IMF targets for public sector borrowing.

Wife's income

Measures to make the separate assessment of husband's and wife's income for tax purposes more easily available were demanded by the Equal Opportunities Commission. A married woman lost control of her income for tax purposes, and this created "difficulties, humiliation and domestic friction."

'Aid sport' plea

Sport needs a £25m. tax concession, covering VAT and corporation tax, *the Central Council of Physical Recreation said yesterday*. It said that for two years it had been asking the Treasury to ease pressure on sport.

omax on move in right direction

1 economic indicators g in the right direction, ence can best be mainhis year and next there iable continuity of nomic policy, says Dr. nax, economic adviser al Westminster Bank, ment issued to-day.

The major weaknesses now are that the recovery in output is relatively sluggish, that the balance of payments is improving perhaps not quite as fast as hoped, and that there are still difficulties ahead in bringing inflation firmly under control.

Nevertheless, he says, the Government's macro-economic strategy provides a useful base from which to go forward, "although one cannot dismiss the possibility of adverse reactions, since domestic and international confidence is not yet very deeply rooted."

Dr. Lomax sees a temporary acceleration in inflation as likely in the next few months. But "the financial markets appear confident that, as long as the present monetary policies are maintained, inflation will fall steadily after the middle of the year. Indeed, monetary stringency may have been somewhat excessive."

ROCERY INDEX

larch prices continue to rise it at slowest rate this year

ART ALEXANDER

ancial Times grocery lex rose by only 0.9 in March, the lowest year. The index was 256.27.

as helped by fairly es in many sectors al offers helping pred canned goods, and ctions in the prices of and vegetables. There slight falls in non-

rices continued to rise it the predicted conseise in tea has yet to old. Bacon and ham e, in general, slightly he wake of the tradiing promotional offers he dairy sector, the ggs was stable.

as been some moveheese prices, ranging of 8p to increases of a pound of cheddar. , has yet to settle, and e widespread rises of price of a large sliced

ices were varied but, n some special offers availability of various rk at cheaper prices. l trend was upwards. taken overall and inacon and ham, the *formed almost exactly* in line with the total index, and showed a rise of 0.88 per cent. on the month.

Fruit and vegetable prices were helped by the fall in potatoes and lettuce, which balanced the increases in white cabbage, tomatoes, and carrots.

Distorting

Potatoes form a large part of the volume in this sector, so a small price change could have a slightly distorting effect, but the accuracy of the overall drop is backed by the continuing availability of fruit at reasonable prices.

The increase in the index compared with March, 1976, is 18.3 per cent., which confirms the downward trend of the last four *months. In February, it was up* 19.8 per cent., compared with the same month a year earlier, and in January the increase, year on year, was 20.49 per cent.

Overall, the trend in the first three months of the year, following the 21.2 per cent. increase recorded in December, has been steady and downwards, although the 18.3 per cent. figure is still high, and the signs for the whole year are that rises of a high *order will continue.*

FINANCIAL TIMES SHOPPING BASKET

	March £	February £
Produce	133.99	134.87
Tea, Coffee, Soft Drinks	71.43	67.10
Flour, Cereals	79.92	78.61
ves and Dry Groceries	26.54	28.03
and Pickles	13.71	13.53
d goods	47.63	45.13
foods	39.97	39.02
Bacon, etc. (fresh)	169.12	167.64
nd Vegetables	123.30	124.44
oods	51.80	52.20
	757.41	750.57

100; Mar. 101.09; April 102.73; May 105.75; June 108.00; 107.24; Aug. 105.40; Sept. 105.26; Oct. 104.35; Nov. 105.48; 108.26.

109.18; Feb. 109.10; Mar. 109.24; April 108.04; May 109.34; 115.97; July 111.97; Aug. 113.40; Sept. 112.14; Oct. 113.15; 11: 114.8; Nov. 18: 114.49; Nov. 25: 114.72; Dec. 2: 114.72; 9: 114.75; Dec. 16: 115.77.

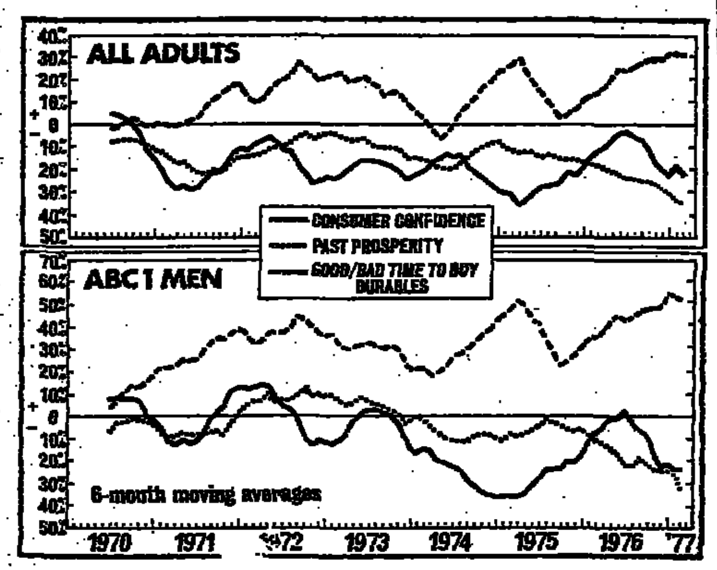
117.56; Feb. 119.25; Mar. 120.53; April 123.80; May 125.57; 128.81; July 127.64; Aug. 126.59; Sept. 129.39; Oct. 133.83; 135.83; Dec. 138.26.

141.41; Feb. 141.52; Mar. 142.66; April 8: 143.23; April 29: 64; May 145.17; June 147.97; July 146.22; Aug. 145.25; Sept. 6; Oct. 150.5; Nov. 156.39; Dec. 159.15.

162.84; Feb. 167.77; Mar. 173.50; April 178.49; May 183.41; 193.02; July 188.45; Aug. 189.23; Sept. 186.64; Oct. 189.79; 194.78; Dec. 201.90.

208.33; Feb. 211.81; Mar. 216.60; April 222.43; May 226.78; 222.82; July 216.71; Aug. 221.34; Sept. 230.34; Oct. 237.28; 241.53; Dec. 244.82.

251.03; Feb. 253.96; March 256.27.



More pessimism on mounting inflation

BY STUART ALEXANDER

CONSUMER CONFIDENCE dropped in March against a background *of the Leyland strike*, high inflation, and approval for gas price increases, according to the latest British Market Research Bureau survey for the Financial Times.

Future confidence fell by 13 per cent. to a negative 23 per cent. compared with February. Fears about both the Government and the power of unions in large organisations were seen as major contributory factors. However, worries about rising prices diminished in March.

Although 11 per cent. of the sample questioned between March 3 and 9 thought they were better off than 12 months ago, 58 per cent. thought they were worse off, which is the most pessimistic result for six months.

There was also a marked increase in the feeling of being worse off among ABC1 men and women.

This feeling of being worse off has remained consistently apparent among manual workers of the C2DE sections embracing both men and women.

Now, however, the ABC1 men have easily outstripped their C2DE counterparts, reflecting fears about to-morrow's Budget. This is probably also caused, in part, by the extensive publicity given recently to the erosion of pay differentials and the claims that management in Britain is falling behind both other sections of the community and its counterparts in the EEC.

The feeling that it is a good time to buy major items for the *house, although it has slipped* slightly, remains strong.

The feeling that prices are bound to rise and the resulting increase in a desire to buy has risen from 66 per cent. in February to 78 per cent. in March.

Yet the influence of spring sales has dropped away, as has the feeling that any time is a good time to buy. However, among pessimists there has been a rise of 9 per cent. to 90 per cent. in the percentage of people saying that prices are now too high and they cannot afford to buy.

The greatest fall in confidence about making major purchases was registered among C2DE men. C2DE women have consistently lagged behind their ABC1 counterparts on this question and have hardly changed their attitude since February.

Among ABC1 men from a very high backing for buying in January which fell sharply in February there has been a marked recovery. It is ABC1 men who are now most persuaded of it being the right time to buy.

Of those that think the overall trend is likely to become worse, C2DE men and ABC1 women are most prone. And the total number of pessimists in the sample who express a feeling of this worsening trend has risen from 34 per cent. in February to 40 per cent. in March.

LABOUR NEWS

Report tackles 'tragedy' of youth unemployment

BY ALAN PIKE, LABOUR STAFF

THE "HUMAN, social and economic tragedy" of youth unemployment contains a serious structural element which an economic upturn will not automatically solve, a report by the British Youth Council argues to-day.

The authors, while accepting that it is "probably Utopian" to believe that the problem can ever be totally solved, put forward recommendations on how the structural imbalance between demand and supply of young workers should be tackled.

These are wide-ranging and aimed at the international, governmental, industrial and community levels. There are demands for:—

Government policies which emphasise expansion in manufacturing, extractive and construction industries, with a planned approach to the introduction of labour-intensive methods where possible; continuation and expansion of job creation, work experience and similar programmes; increased planning and resources in the further education sector; reductions in overtime and working hours and increased use of EEC social and regional funds.

The report, compiled by young people from a wide variety of industrial and social organisations, comprehensively reviews the effects of youth unemployment and measures taken to combat the problem in Britain, the EEC and elsewhere.

It argues that the long-term decline in demand for young workers has been most marked in the manual manufacturing sector. This has led to the unqualified 16-year-old school-leaver being the hardest hit, even more so as employers, faced with a labour surplus, are taking on over-qualified people to do simple manual jobs.

The report warns that unemployment is more than a temporary setback and can condition a young person's whole way of life and attitude towards work. "Whether cynicism and antagonism or resignation and passivity take over a young person the chances are that he or she will not easily take or use opportunities when they do arise or re-embark on a steady and *satisfying adult working life.*" Particular attention is drawn to the disproportionate increase in unemployment among young people from ethnic minorities during the past three years.

Journalists ask support of printers

By Our Labour Staff

THE NATIONAL UNION of Journalists' executive is to seek a new meeting of the TUC printing industries committee to ask for support in the 16-week-long dispute with three East Midlands Allied Press papers in Northamptonshire.

An earlier meeting of the committee resolved the original dispute—over fringe benefits—but there has been no return to work because of disagreement over nine NUJ members who joined the rival Institute.

The NUJ dispute benefit to the 60 members not working has been raised from £25 a week to £40.

● A bid by some NUJ broadcasting members to unseat Mr. *Denis MacShane, a Left-wing* executive member, following the handling of a dispute at BBC Radio Sheffield failed by nine votes to secure the necessary two-thirds majority.

Hospital pickets in talks

By Our Labour Staff

HEALTH OFFICIALS met representatives of striking porters and ancillary workers at five Surrey hospitals yesterday and appealed to them to allow essential supplies through picket lines.

An injunction is due to be sought in the High Court to-day in an attempt to restrict the activities of the pickets. There will also be a further meeting between representatives of the Transport and General Workers' Union, to which the 60 strikers belong, and the Surrey area health authority. An official involved in yesterday's talks said that the position was "not as black as it was," and some drugs had been allowed to reach the hospitals.

The week-long dispute is straining services at the 400-bed Epsom District Hospital — a general hospital—and four others in the area catering for mentally ill, geriatric and post-operative patients.

It began when 30 staff refused to work new duty rotas and were suspended with pay pending further discussions. These failed to produce a solution, and when the suspended staff still refused to work the rotas last week, they were issued with dismissal notices.

Although the position eased at the week-end when some drugs and other medical supplies were allowed across picket lines, the hospitals will need food and oil supplies this week.

Union grows

MEMBERSHIP OF the technical, administrative and supervisory section of the Amalgamated Union of Engineering Workers increased by 14 per cent. to 161,057 during 1976, the union announced yesterday.

APPOINTMENTS

Readicut International new chairman

Mr. Paul Croset is to become chairman of READICUT INTERNATIONAL on April 1 when Mr. G. M. L. Hirst and Mr. J. P. M. Denny also take up their posts as joint managing directors. Mr. F. A. Newhouse retires as chairman and managing director at the *end of March* but remains a director of the company.

★

Mr. Ken Simmonds, formerly managing director of Peter Pan Playthings, has been appointed managing director of the Berwick Toy Company. Mr. Peter Craig succeeds him as managing director of Peter Pan.

★

Mr. David Wharrie, financial director of AGB Research, has been appointed chairman of ASSOCIATED BUSINESS PROGRAMMES. At the same time Mr. Michael Fellowes and Mr. David Elyan are to join the Board. Professor G. S. A. Wheatcroft, Mrs. H. Sasson and Mr. A. Wilson have retired as directors.

★

Mr. Kenneth Stephenson is relinquishing his responsibilities in March as chairman of HAMLYN AND BUTTERWORTH in order to devote more time to his recent *appointment as chairman of Reed* Publishing Pension Trustee and of the Reed Publishing Pension Trustee Investment Committee. He will, however, remain a director of both companies. Mr. Hugh Campbell will succeed him as chairman of the Hamlyn Group and Mr. Gordon Graham as chairman of Butterworth.

★

Mr. Derek Coyle has been appointed managing director of WEIR ALLOY PRODUCTS, a new company which is part of the Weir Group.

★

ALLIED BREWERIES (U.K.) has appointed a new director and manager of the company's Alloa brewery. Mr. Allan Hardie, who has been head brewer at Alloa for the past three years, succeeds Mr. Cecil Mutch, who is retiring through ill health.

★

Mr. Michael K. Shaw, an executive of CLAYTON DEWANDRE, has been appointed to the Board.

R. W. Sturge and Co., underwriting agents at Lloyd's has formed a new company, A. L. STURGE (SYNDICATES MANAGEMENT). The chairman is Mr. D. E. Coleridge. Other directors are Mr. H. R. Rokeby-Johnson, Mr. M. J. H. Maughan, Mr. B. E. Beagley, Mr. J. H. Carter, Mr. L. A. Hudson, Mr. P. M. Johnson, Mr. D. A. Kirsch, Mr. A. G. Lee, Mr. C. G. Maby, Mr. C. W. Spreckley and Mr. C. M. Yellop.

Quarterly analysis of bank advances

to U.K. residents by banks in the U.K. at February 16, 1977; as Table 4 in Bank of England Quarterly Bulletin.

£m.

		ADVANCES TO U.K. RESIDENTS: Total	of which: in sterling	of which: in foreign currencies	FINANCIAL: Total financial	of which in sterling	Hire-purchase finance houses	Property companies	Other financial
London clearing banks	1976 Nov. 17	14,574	13,278	1,295	2,025	1,735	103	855	1,068
	1977 Feb. 16	14,967	13,690	1,277	1,984	1,699	111	874	999
Scottish clearing banks	1976 Nov. 17	1,971	1,681	290	252	185	23	66	163
	1977 Feb. 16	1,939	1,655	284	246	181	29	63	154
Northern Ireland banks	1976 Nov. 17	403	402	2	22	20	2	15	5
	1977 Feb. 16	432	430	2	24	22	2	17	5
All banks	1976 Nov. 17	34,951	24,865	10,086	7,121	4,551	544	2,789	3,789
	1977 Feb. 16	35,219	24,953	10,267	6,942	4,446	541	2,793	3,608
of which in sterling	1976 Nov. 17	24,865	—	—	4,551	—	503	2,236	1,812
	1977 Feb. 16	24,953	—	—	4,446	—	513	2,243	1,731
Changes: in sterling	Nov.'76/Feb.'77	+87	—	—	−65	—	+10	+6	−81
in foreign currencies adjusted for exchange rate effects§	Nov.'76/Feb.'77	+475	—	—	−44	—	−11	+14	−47

		MANUFACTURING: Total manufacturing	of which in sterling	Food, drink and tobacco	Chemicals and allied industries	Metal manufacture	Electrical engineering	Other engineering and metal goods	Shipbuilding	Vehicles	Textiles, leather and clothing	Other manufacturing
London clearing banks	1976 Nov. 17	3,954	3,754	599	412	274	206	932	287	232	385	636
	1977 Feb. 16	4,114	3,897	564	443	253	308	878	302	262	430	665
Scottish clearing banks	1976 Nov. 17	500	473	138	24	26	19	71	83	12	51	67
	1977 Feb. 16	465	433	95	28	26	18	72	97	11	51	65
Northern Ireland banks‡	1976 Nov. 17	99	99	22	—	—	—	27	—	—	22	19
	1977 Feb. 16	98	98	26	—	—	—	29	—	—	25	19
All banks	1976 Nov. 17	8,549	6,878	1,474	1,440	560	617	1,476	453	484	671	1,373
	1977 Feb. 16	8,712	6,957	1,431	1,484	542	592	1,532	447	507	730	1,457
of which in sterling	1976 Nov. 17	6,878	—	1,142	971	501	552	1,269	384	419	584	1,052
	1977 Feb. 16	6,957	—	1,098	980	486	510	1,326	402	437	630	1,088
Changes: in sterling	Nov.'76/Feb.'77	+79	—	−45	+9	−15	−42	+57	+18	+18	+44	+36
in foreign currencies adjusted for exchange rate effects§	Nov.'76/Feb.'77	+131	—	+10	+48	−1	+20	+6	−22	+7	+7	+57

		OTHER PRODUCTION: Total other production	of which in sterling	Agriculture, forestry and fishing	Mining and quarrying	Construction	PERSONAL: Total personal	of which in sterling	House purchase	Other personal
London clearing banks	1976 Nov. 17	1,822	1,792	900	110	813	2,817	2,813	997	1,820
	1977 Feb. 16	1,841	1,793	928	117	796	2,847	2,845	991	1,856
Scottish clearing banks	1976 Nov. 17	337	293	202	55	80	299	299	83	216
	1977 Feb. 16	329	297	210	56	74	292	292	80	213
Northern Ireland banks	1976 Nov. 17	85	85	50	3	32	90	90	22	68
	1977 Feb. 16	92	92	63	3	24	94	94	23	71
All banks	1976 Nov. 17	3,946	3,030	1,111	1,287	1,547	4,245	4,208	1,264	2,881
	1977 Feb. 16	4,063	3,145	1,161	1,208	1,634	4,266	4,247	1,353	2,913
of which in sterling	1976 Nov. 17	3,030	—	1,103	479	1,449	4,208	—	1,263	2,845
	1977 Feb. 16	3,145	—	1,152	466	1,527	4,247	—	1,352	2,894
Changes: in sterling	Nov.'76/Feb.'77	+115	—	+49	−13	+78	+39	—	−11	+49
in foreign currencies adjusted for exchange rate effects§	Nov.'76/Feb.'77	+50	—	+1	+56	+1	−18	—	—	−16

		SERVICES: Total services	of which in sterling	Transport and communication	Public utilities and national government	Local government	Retail distribution	Other distribution	Professional, scientific and miscellaneous
London clearing banks	1976 Nov. 17	3,955	3,184	354	687	75	818	719	1,292
	1977 Feb. 16	4,080	3,225	358	630	67	826	767	1,433
Scottish clearing banks	1976 Nov. 17	582	458	76	95	30	84	91	207
	1977 Feb. 16	597	478	77	94	31	87	96	222
Northern Ireland banks‡	1976 Nov. 17	118	116	—	7	5	46	18	42
	1977 Feb. 16	123	123	—	7	6	49	18	44
All banks	1976 Nov. 17	11,889	6,185	1,565	2,693	611	1,232	2,466	2,519
	1977 Feb. 16	11,296	6,114	1,553	2,667	583	1,230	2,507	2,666
of which in sterling	1976 Nov. 17	6,185	—	566	175	163	1,185	1,852	2,253
	1977 Feb. 16	6,114	—	570	111	142	1,187	1,688	2,414
Changes: in sterling	Nov.'76/Feb.'77	−81	—	+4	−64	−23	+2	−164	+162
in foreign currencies adjusted for exchange rate effects§	Nov.'76/Feb.'77	+345	—	+10	+113	+8	−3	+224	−8

† Including lending under special schemes for domestic shipbuilding. ‡ The analysis provided by Northern Ireland banks differs slightly from other banks. Chemicals and allied industries are included indistinguishably in "Other manufacturing"; Metal manufacture, Electrical engineering, Shipbuilding and Vehicles in "Other engineering and metal goods"; and Transport and communications in "Public utilities and national government." § The figures exclude as far as possible the effect of changes in exchange rates on the sterling value of advances in foreign currencies.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
26M	26S	Treasury 11½pc '77‡‡	101 3/32xd	17.2	11.37	8.97
15M	15N	Treasury 3pc '77‡‡	96 1/16	11.10	3.12	9.49
20J	20D	Transport 4pc '72-77	96½	15.11	4.16	9.65
15S	15M	Treasury 9pc 1978‡‡	99 7/16	7.2	9.04	9.47
14J	14Ju	Treasury 10½pc '78‡‡	101 5/16	8.12	10.36	9.39
26M	26S	Exch. 5pc '76-78	96½xd	17.2	5.18	7.49
9S	9M	Treasury 11½pc '79‡‡	102¼	31.1	11.24	10.18
17M	17S	Treasury 3pc '79‡‡	93⅛	8.2	3.21	5.97
26M	26S	Electric 4¼pc '74-79	94½xd	17.2	4.50	6.73
1M	1N	Treasury 10½pc '79‡‡	100 11/16xd	27.9	10.45	10.28
15M	15N	Electric 3½pc '76-79	92	11.10	3.80	6.38
3S	3M	Treasury 9pc 1980‡‡	98⅞	25.1	9.10	9.44
14N	14M	Treasury 9½pc '80‡‡	98 3/16	8.10	9.62	9.99
15D	15J	Treasury 3½pc '77-80	90⅛	8.11	3.88	6.97
15D	15J	Funding 5¼pc '78-80‡‡	92½	8.11	5.70	8.37
25M	25N	Exchequer 13pc 1980‡‡	106⅞	—	12.16	10.66
15J	15Ja	Treasury 11½pc 1981‡‡	103 11/16	9.12	11.09	10.26
15A	15F	Treasury 3½pc 1979-81	88	10.1	3.97	7.02
1O	1A	Treasury 9¾pc 1981‡‡	99 13/16	23.2	9.78	9.85
23M	23N	Exch. 12¾pc 1981‡‡	107⅝	—	11.85	10.60
15J	15Ja	Treasury 8½pc '80-82‡‡	97¼	9.12	8.74	9.21
15F	15A	Treasury 3pc '82‡‡	86⅝	10.1	3.47	6.28
16M	16S	Treasury 14pc '82‡‡	113	7.2	12.39	10.56
		Five to Fifteen Years				
17S	17M	Treasury 12pc 1983‡‡	106	6.2	11.36	10.70
15J	15Ja	Funding 5½pc '82-84‡‡	85	9.12	6.48	8.46
10J	10Ju	Treasury 8¾pc '84-86‡‡	92¾	6.12	9.34	10.02
1N	1M	Funding 6½pc '85-87‡‡	77½xd	27.9	8.32	10.00
26J	26Ja	Treasury 7¾pc '85-88‡‡	82¼	20.12	9.46	10.58
1J	1Ju	Transport 3pc '78-88	59⅝	25.11	5.09	8.85
15A	15O	Treasury 5pc '86-89	62⅞xd	9.3	7.97	10.30
15J	15Ja	Treasury 13pc 1990‡‡	106	9.12	12.57	12.44
15D	15J	Treasury 8¼pc '87-90‡‡	79⅝	8.11	10.64	12.61
5O	5A	Funding 5¾pc '87-91‡‡	61⅞xd	1.3	9.27	11.18
22J	22Ja	Treasury 12¾pc '92‡‡	102	16.12	12.78	12.78
		Over Fifteen Years				
25A	25F	Exch. 12¼pc '92 £15pd.	15 3/32	—	12.75	12.83
14J	14Ju	Treasury 12½pc '93‡‡	100	8.12	12.62	12.85
15M	15S	Funding 6pc 1993‡‡	59xd	7.2	10.21	11.69
23M	23N	Treasury 13¾pc 1993‡‡	106¾	—	13.19	13.11
1M	1S	Treasury 14½pc '94‡‡	109⅞	24.1	13.33	13.18
17M	17N	Treasury 9pc '94‡‡	79	11.10	11.83	12.41
1N	1M	Gas 3pc '90-95	39¼xd	27.9	7.59	10.56
15M	15N	Treasury 12¾pc '95‡‡	105⅛	11.10	12.95	12.96
15S	15M	Treasury 9pc '92-96‡‡	75⅜xd	7.2	11.95	12.41
3M	3N	Treasury 15¼pc '96‡‡	117⅞	—	13.60	13.46
15M	15N	Exchequer 13¼pc '96‡‡	105⅞	11.10	13.11	13.10
1A	1O	Redemption 3pc 1986-96	38½xd	23.2	7.78	10.43
22J	22Ja	Treasury 13¼pc '97‡‡	103½	16.12	13.10	13.07
1M	1S	Treasury 8¾pc 1997‡‡	73¼	24.1	12.05	12.47
1N	1M	Treasury 6¾pc '95-98‡‡	58xd	27.9	11.51	12.29
30M	30S	Treas. 15½pc '98‡‡	113⅞xd	21.2	13.60	13.49
15J	15Ja	Treasury 9½pc 1999‡‡	79	9.12	12.32	12.59
14J	14Ju	Funding 3½pc '99-04	34	8.12	10.51	11.62
5A	5O	Treasury 8pc '02-06‡‡	65xd	1.3	12.27	12.47
10M	10S	Treasury 5½pc '08-12‡‡	45⅞xd	1.2	12.06	12.27
26J	26Ja	Treasury 7¾pc '12-15‡‡	64	20.12	12.36	12.43
		Undated				
1F	1A	Consols 4pc	31½	29.12	12.94	—
1J	1D	War Loan 3½pc‡‡	30	25.10	12.12	—
1A	1O	Conv. 3½pc '61 Aft.	30¼xd	25.2	11.56	—
5A	5O	Treasury 3pc 66 Aft.	23¼xd	1.3	12.93	—
5Ja.A.Ju.O.		Consols 2½pc	19⅛xd	1.3	12.54	—
1A	1O	Treasury 2½pc	19¼xd	23.2	12.97	—

**INTERNATIONAL BANK

15F	15A	5pc Stock '77-82	80	14.1	6.28	9.99

**CORPORATION LOANS

1F	1A	Birm'ham 9¾pc '79-81	89¼	4.1	10.36	12.50
1My	1N	Bristol 7¾pc '79-81	83¾	15.10	9.25	12.47
25M	25N	G.L.C. 12½pc '82	104½	25.10	12.47	12.42
10F	10Aug	Do. 12½pc 1983	101	10.1	12.55	12.58
15My	11N	Glasgow 9¼ '80-82	90¼	20.10	10.64	12.53
22M	22N	Herts. 5½pc '78-80	83	22.10	6.32	11.83
1Ap	1Oct	Liverpool 5¼pc '76-78	92½xd	1.3	6.23	11.39
15M	15N	Do. 9¾pc '80-84	92	15.10	11.00	12.17

CANADIANS

Dividends Paid	Stock	£	Last xd	Div. Gross	Cvr	Y'ld Gr's
Ma.S.J.D.	Bk. Montreal $2	11 5/16	25.1	$1.00	—	5.2
F.My.Au.N.	Bk. Nova Scotia $1	14 13/16	29.12	86c	—	3.4
A.Jy.O.Ja.	Bell Canada 25c	37¾	9.3	$4.08	—	6.3
May Nov.	Bow Valley‖	14¾	4.11	10c	—	0.4
Oct.	Brascan‖	910p	21.12	10½	—	6.5
F.MyAuN.	Can. Imp. Bk. $2	18 1/16	29.12	$1.40	—	4.5
July Jan.	Can. Pacific $5	13⅛	29.12	80c	—	3.7
July Jan.	Do. 4pc Deb. £100	29⅝	15.11	4%	—	13.5
J.Ap.Jy.O.	Gulf Oil Can.‖	22	21.2	$1.06	—	2.8
Ap.Jy.O.Ja.	Hawker Sid. Can.‖	350p	21.12	36c	—	6.0
F.MyAuN.	Hollinger $5	24½	25.1	$1.94	—	5.8
Apr. Oct.	Hudson's Bay‖	12⅛	15.12	65c	—	0.1
Jan. July	Hud. B. Oil G. $2½	26½	21.12	$1.52	—	3.4
Mr.Je.S.D.	Imperial Oil‖	15¾	23.2	86.4c	—	3.0
Jan.Ap.Jy.O.	Inco	24⅝	4.11	$1.60	—	3.8
F.My.Au.N.	Int. Nat. Gas $1	765p	25.3	80c	—	6.1
Mr.Je.S.D.	Massey Ferg.‖	15¼	8.2	$1.00	—	3.8
June Dec.	Pacific Pet. $1	21¼	6.12	86.4c	—	2.4
—	Place Gas $1	34½p	—	—	—	—
June Dec.	Rio Algom	21½	6.12	$1.00	—	2.8
M.Je.S.D.	Royal Bk. Can. $2	18 3/16	21.12	$1.38	—	4.4
SeDeMrJu	Seagram Co. C$1	18 3/16	22.2	86.4c	—	2.8
F.MyAuN.	Tor. Dom. Bk. $1	13¾	21.12	76c	—	3.3
J.Ap.Jy.O.	Trans. Can. Pipe 39½c	10¾	21.12	95c	—	5.2

S.E. List Premium 39¼% (based on $1.8075 per £)

BANKS AND HIRE PURCHASE

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's	P/E
January		ANZ $A1	287	13.12	tQ18c	—	3.9	—
Apr.	July	Alexanders D. £1	205	14.2	12.83	—	9.6	—
May	Aug.	Algemene Fl.100	£105	17.3	Q22.5%	♦	3.6	♦
Oct.	Apr.	Allen Harvey £1	410xd	14.3	27.5	—	10.3	—
Dec.	June	Allied Irish	116	29.11	tQ5.89	—	5.9	—
Jan.	July	Arbuthnot L. £1	120	29.11	8.28	—	10.9	—

BUILDING INDUSTRY—Continued

DRAPERY AND STORES—Continued

ENGINEERING—Continued

INDUSTRIALS—Cont.

ELECTRICAL AND RADIO

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

ENGINEERING, MACHINE TOOLS

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 39¼% (based on $US1.7180 per £)

Conversion factor 0.7180 (0.7148)

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Sterling denominated securities which include investment dollar premium.
- "Tap" Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- Regional price.
- No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 29

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	20	.....
Ash Spinning	40	.....
Bertam	17	.....
Bdg'wtr. Est. 50p	230	+5
Clover Croft	21	.....
Craig & Rose £1	360	.....
Dyson (R.A.)	22	.....
Ellis & McHdy	59	.....
Evans Fr'k. 10p	21	.....
Evered	12	.....
Fife Forge	55	.....
Finlay Pkg. 5p	16	.....
Graig Ship. £1	335	.....
Hallam Sleigh 10p	8½xc	.....
Higsons Brew	75	.....
I.O.M. Stm. £1	145	.....
Holt (Jos.) 25p	205	+2
Kleen-e-Ze	42	.....
Lovell's Ship £1	180	.....
N'thn Goldsmith	26	.....
Pearce (C. H.)	80	.....
Peel Mills	13	.....
Robb Caledon 5p	84	+1
Sayers 12½p	32	.....
Sheffield Brick	85	.....
Sheff. Refrshmt.	160	.....
Shiloh Spinn	20½	.....
Sindall (Wm.)	56	.....

IRISH

Conv. 9% '80/82.	£91¾	.....
Alliance Gas	43	.....
Arnott	245	.....
Carroll (P.J.)	90	−2
Clondalkin	42	−1
Concrete Prods.	73	.....
Heiton (Hldgs.)	23	.....
Ind. News	49	.....
Ins. Corp.	125	.....
Irish Distillers	52½	.....
Irish Ropes	120	.....
Jacob	45	.....
Sunbeam	17	+1
T.M.G.	135	−1
Unidare	50	.....

OPTIONS

3-month Call rates

Industrials

A. Brew	6½
A.P. Cement	18
B.S.R.	10
Babcock	8
Barclays Bank	25
Berry Wiggins	5
Beecham	32
Boots Drug	12
Bowaters	16
B.A.T.	21
British Oxygen	6
Brown (J.)	17
Burton 'A'	6
Cadburys	5
Cavenham	10
Courtaulds	10
Debenhams	8
Distillers	13
Dunlop	8½
Eagle Star	11
E.M.I.	20
Gen. Accident	17
Gen. Electric	17
Glaxo	36
Grand Met.	7
G.U.S. 'A'	18
Guardian	18
G.K.N.	25
Hawker Sidd.	40
House of Fraser	8
I.C.I.	25
"Imps"	7
I.C.L.	14
Inveresk	7
Ladbroke	22
Legal & Gen.	12
Lex Service	5
Lloyds Bank	22
"Lofs"	5
London Brick	5
Lonrho	6
Lucas Inds.	20
"Mams"	7
Mrks & Spncr	10
Midland Bank	25
Nat. West. Bank	22
Do Warrants	9
P & O Dfd	12
Plessey	7
R.H.M.	5
Rank Org. 'A'	18
Reed Intl.	20
Reyrolle	12
Spillers	4
Tesco	4
Thorn 'A'	22
Trust Houses	13
Tube Invest.	30
Unilever	40
Utd. Drapery	7½
Vickers	15
Woolworths	6

Property

Brit. Land	3½
Cap. Counties	3
E.P.	5
Intreuropean	7
Land Secs.	14
MEPC	7
Peachey	6
Samuel Props.	4½
Town & City	1½

Oils

Brit. Petroleum	60
Burmah Oil	8
Shell	20
Ultramar	14

Mines

Charter Cons.	15
Charterhall Fin.	4
Cons. Gold	15
Rio T. Zinc	18

FINANCIAL TIMES
Monday March 28 1977

Leyland on course for output target

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

LEYLAND CARS hopes to hit within the next few days the target production rate set by Mr. Eric Varley, the Industry Secretary, as a condition for further Government backing beyond the end of this week.

Mr. Varley's objective was to get the car group's output up to 20,500 vehicles a week, which compares with an average of 19,400 cars and light vans in January, and approaches the productivity achieved by other U.K. car manufacturers.

The group needs continuous production of this order to generate internally funds essential to its plan for recovery.

Although it is being coy about its exact output last week—the first full week of production since the end of the month-long toolmakers' strike—it is thought that it approached January's rate.

This means that by Thursday, the Government's deadline date, Leyland should be able to tell Mr. Varley that it has met his requirements. "The company has swung back into smooth production remarkably quickly," an executive said yesterday.

The review team set up on the Government's insistence to look into Leyland's future has begun to take evidence from all areas of the company.

The team, working under the overall direction of Mr. Alex Park, Leyland's chief executive, is expected to produce its report by the end of next month. Two senior executives from the National Enterprise Board, which owns most of the company's shares, are helping with the review.

Although the Department of Industry is taking no central part in the review, it has made it clear to the company and the NEB that all significant options must be considered.

That must include considerations such as unscrambling British Leyland's holding company structure and hiving off car activities from trucks and special products. The company will clearly have to justify its plan for a £250m. investment in a new Mini.

£30m. cleared

The Mini programme has been frozen, and most major plans for the car group — such as expansion of Land Rover and Range Rover production—are being held in abeyance.

But investment in trucks and buses, special products, and overseas is continuing, and the managing directors of these groups have reassured employees about their future.

Funds for these further investments have been taken up recently, with £30m. of Industry Act money being cleared by the Government last Friday.

Funds in the cars group are said to be sufficient to tide it over the next few weeks, though there will be some strain on cash resources as production picks up again and new component stocks have to be brought into the pipeline.

Mr. Park has said that the investment programme can be put back on course by the end of this year — but that would depend on reaching a degree of continuous production which has never been achieved in the past.

The lingering possibility of further trouble from the British Leyland toolmakers whose month-long strike ended last week has been removed, at least until the summer.

A meeting of the unofficial shop stewards' committee which led the strike agreed on Saturday to co-operate with working parties which will try to recommend solutions to problems in Leyland's industrial relations structure by July.

Mr. Roy Fraser, leader of the toolmakers, said his men had reservations about whether the working parties would solve their problems over pay differentials and negotiating structure, and they would "review the situation" if their aspirations were not met.

● The first Sunday overtime shift this year was worked yesterday at the £95m. Ford car plant at Halewood, Liverpool. It was in lieu of the mini night shift due to be worked on Maundy Thursday, April 7, which has been cancelled to increase time off over the Easter holiday.

A total of 4,000 production men worked in the body stamping and assembly plants. Management said last night that they had produced up to 450 cars, mainly Escorts, worth £900,000 retail. During the shift 25 stock checkers walked out over a manning dispute but production was not affected.

Overtime was stopped at the end of last year after a series of industrial disputes.

Ford is at present extremely short both of Escort and Cortina stocks in the U.K., and is trying to step up production.

ICI criticised over conditions in South Africa

BY MARTIN DICKSON

CONDITIONS for black workers at African Explosives and Chemical Industries, ICI's principal associate in South Africa, seem to fall "disturbingly short" of what might be expected of a company in ICI's position, says Christian Concern for Southern Africa to-day.

In a report on ICI's policies in South Africa the interdenominational group urges ICI shareholders to press for "a fundamental shift in policy away from rapid commercial expansion in South Africa towards a greater emphasis on its existing responsibilities to the black community."

The report, by Mr. Rodney Stares, the organisation's research officer, says that ICI and De Beers each had a shareholding of about 40 per cent. in the company, South Africa's main explosives and industrial chemicals concern, employing some 8,500 Africans, mostly migrant labourers.

The company appeared the second or third largest British-related employer of black labour in the country.

ICI had acknowledged that the shareholding structure gave it joint control of the company with De Beers.

But "on the basis of the publicly available information it would seem that conditions fall disturbingly short of what one might have expected from a company that, if not intentionally, is none the less frequently seen as the standard-bearer of British industry."

African Explosives had a poor wages record, but the limited information ICI gave its shareholders did not allow judgment on what percentage of the workers were below South Africa's Poverty Datum Line or higher Minimum Effective Level.

Its past performance and the experience of other employers of migrant labour elsewhere did not bode well for finding all employees above the current Poverty Datum.

The report notes that at ICI (South Africa), a smaller wholly-owned subsidiary and holding company, minimum wages had been above the Minimum Effective Level since March 1976. But the information available on pay in companies linked to ICI was "in inverse relation to the scale of the involvement and the likelihood, on past performance at least, of encountering low minimum wages."

'Convenient'

It was hard to avoid the conclusion that African Explosive's record was such that either ICI, De Beers, or both found it convenient to "shelter behind the veil of secrecy" provided by the South African Government, which had restrictions on corporate reporting of back wages and employment conditions.

The report urges shareholders to press ICI for details of the South African company's relations with the South African Government on munitions and nuclear development.

Recent reports suggested that the associate was responsible for manufacture of teargas used by the South African security forces to disperse demonstrators.

Rhys David writes: ICI said yesterday that it had not been consulted on or asked to contribute to the report. Detailed study, both by the company and its South African associates, would be needed before a considered reply could be given.

Tory group would keep VAT, but with only one rate

BY RICHARD EVANS, LOBBY EDITOR

A STRONG recommendation that a future Conservative Government should maintain value-added tax as a broadly based indirect tax levied at a single rate is contained in a report published to-day, on the eve of the Budget, from an influential party committee.

The report, compiled by a VAT task force set up last September by Sir Geoffrey Howe, Shadow Chancellor of the Exchequer, under the chairmanship of Mr. David Howell, an Opposition spokesman on Treasury and economic affairs, has been presented to the Conservative Party as a consultative document.

Many of its recommendations are likely to be incorporated into the Tory plans for tax reform and into the party's next election manifesto.

The main recommendations of the working party are:

1—The Government should return as soon as possible to the original basis of a single positive rate, plus a zero rate and exemptions. No merit is seen in the "politically-inspired" luxury rate of 12½ per cent., formerly 25 per cent.

2—The threshold for compulsory registration for VAT should be raised from the current £5,000 to at least £10,000 and reviewed annually for inflation. Those de-registering should be relieved of VAT on their stock-in-trade.

3—Relief from VAT should be given for bad debts. Proposals are made that would relieve credit traders from the burdens of the tax on bad debts without unreasonable administrative costs.

4—A new and simpler "accounts" basis should be introduced as an optional alternative for smaller businesses with a turnover of under £1m. This would involve quarterly tax payments on account and a final account on the basis of the auditors' report.

5—A Commons Select Committee of MPs should have powers to scrutinise and review the working of VAT and investigate complaints on administrative aspects of the tax.

The report points out that the original single rate VAT was tailored, by the use of the zero rate on necessities or exemptions to avoid any regressive effect on poorer people. "In consequence in VAT we now have a tax better at raising revenue, fairer in its impact on businesses and less onerous to the poor than its predecessors."

Report of VAT Task Force. Recomendations to the Conservative Party. Conservative Central Office.

Atlantic air talks at critical stage

BY IAN HARGREAVES

THE FIFTH and most critical round of negotiations on the Anglo-U.S. air services agreement begins in Washington today with the two sides still in fundamental disagreement about key issues.

This round of the talks, at which substantial progress must be made if there is to be any chance of meeting the June 22 deadline when the old agreement expires, wil last for most of April.

Mr. Edmund Dell, the Trade Secretary, will be in Washington from April 24 to 26 on a general mission to the U.S., and it is possible that he will take the discussions to a higher level at that stage.

It is hoped that a sixth and final sesion can be held in London from May 16 to prepare the final ground for formal endorsement of a new "Bermuda" agreement.

None of the three major issues is close to resolution at the moment. These are: whether each country should be allowed one or several carriers on the North Atlantic routes; control of capacity on those routes; and the rights of U.S. airlines to operate flights out of London to Eastern destinations—their so-called "fifth freedom" rights. These services are worth £20m. a year to the U.S. airlines.

Another outstanding issue is that of Skytrain, Laker Airways' cheap transatlantic shuttle, on behalf of which the British Government is committed to winning a U.S. operating permit. It has been suggegsted that the U.S. will press for dual designation on the north Atlantic on the understanding that Britain has British Airways and Skytrain against PanAm and TWA of the U.S., but the British Government is sticking to its view that Laker's permit is a completely separate affair to be dealt with under a memorandum of understanding.

Difficulties

In spite of all the difficulties, a definite sense of optimism has been evident among the British negotiating team led by Mr. Patrick Shovelton on the ground that the Americans have already started to make compromises.

Inevitably, too, the question of Concorde's landing rights in New York has been drawn at least into the background of the Bermuda negotiations.

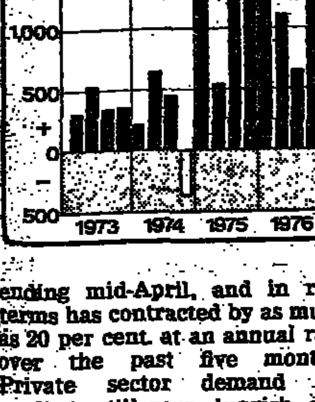
Officially, the two matters are separate, except that the British feel that the U.S. Government's apparent inability to enforce a trial period for the supersonic aircraft on the Port of New York Authority is a sign of the inadequacy of the old Bermuda agreement. It still seems likely that British Airways and Air France will have to resort to court action to test their rights.

Editorial comment—Page 10

THE LEX COLUMN

Safety margins in the Budget

Thanks to the IMF, the financial framework in which tomorrow's Budget has been constructed is unusually well documented. The upper limit on the public sector borrowing requirement is £8.7bn. for 1977-78, and Mr. Healey is likely to show a figure—after Budget changes—very close to that level. The Chancellor will want to be seen to take full advantage of such flexibility as he has available, although there is bound to be some debate about the size of the safety margins built into the Red Book projections given the way that the PSBR has undershot the target this year. The latest indications are that the PSBR for 1976-77 will emerge at not much above £9bn. against the original forecast of £12bn.



Before Budget changes, the official projection of the PSBR in 1977-78 seems likely to emerge at about £7½bn., leaving the Chancellor a net £1bn. to play with. The general expectation is that he will cut income tax by a rather greater figure, partly offset by increases in indirect taxes.

Crowding out

Compared with a year ago, the striking differences are first that public sector spending is seen to be under firm control, but secondly that the economy as a whole is performing much less buoyantly than anticipated. This turnround has decisive implications for the financial markets. The immediate reaction to Mr. Healey's Budget last April was that he was running a serious risk of crowding out the private sector as the economy recovered at a period of still very high public spending. At that stage a money supply growth ceiling had been accepted by the Government but not publicly quantified.

Within a few weeks the rises in interest rates began. By the summer the money supply figures were racing away, and the crisis measures of the autumn effectively killed off the economic upturn which had anyway been labouring since mid-summer in the face of a pause in world economic growth.

At present, by contrast, monetary policy is if anything too restrictive. Sterling M3 is only likely to limp up to the lower end of its target 9-13 per cent. growth range for the year ending mid-April, and in real terms has contracted by as much as 20 per cent. at an annual rate over the past five months. Private sector demand for credit is still very sluggish, and the demands of the public sector on the financial markets seem likely to fall as the year progresses.

Sales of gilt-edged to the non-bank private sector are likely to have been around £5bn. in the financial year now ending, up from £3.8bn. in 1975-76. Next year's requirement will be lower. But Mr. Healey told the IMF that he intended to finance the larger part of the PSBR through debt sales to the non-banks, so the authorities are still likely to sell what are, by past standards, substantial quantities of gilts. This funding prospect is causing them to view with concern the rapid fall in interest rates and to take steps to steady the pace. Otherwise, they may reason, the background for debt sales later in the financial year could become uncomfortable. The projected turnround in the balance of payments will also increase the need to borrow in domestic markets.

For the time being the trend of interest rates remains downwards. The public sector's demands on the banking system should remain low and private sector demand for credit is at present weak, although it can be expected to recover as the year progresses. The corporate sector appears to have moved back into a modest financial deficit as fixed investment recovers and industry moves out of the de-stocking phase.

Against this background it is interesting that some of the leading gilt-edged brokers are concerned that and fiscal stance [illegible] too restrictive. [illegible] sense, it might b[e] such a squeeze [illegible] for gilts. But th[e] an excessively [illegible] recession would [illegible] reversal of pol[icy] [im]mediate concern [illegible] falls in real inco[mes] unmanageable st[rains on] pay policy. A [illegible] approach, it is [illegible] have more chan[ce of] term success.

Pay policy

In fact, the [illegible] appears to be [illegible] about pay policy [illegible] outside the Bud[get] the numbers [illegible] bandied about in [the] City has only ha[d] monetarist line [illegible] Inflationary expe[ctations have] already been [illegible] collapse of sterli[ng] and a pay explosi[on would] dash hopes of a [illegible] figure price rises.

Almost whate[ver happens] inflation is likely [to fall] sharply in the la[tter part of the] year. But the Ch[ancellor will need] to give some guid[ance on] monetary targets. DCE ceilings ag[reed with the] IMF do not in the[mselves mean] that medium[-term money] supply growth [illegible] necessarily [illegible] restrictive to [illegible] continuing slow[ing of the] inflation rate in [illegible] figures. The cr[illegible] what will happ[en when the] balance of payme[nts—with] oil—moves into surplus, as it [is] expected to do b[y the end] of the next financ[ial year].

Although the [illegible] eye to election[s] presented as a [illegible] reflation, it must [be asked] whether any rea[l] posture will be [illegible] this early stage [illegible] limitations impose[d by the IMF] commitment. Late[r], however, the Chan[cellor's room] for manoeuvre wi[thin these] restraints will be[come larger] as will progress [on pay] policy. In those [illegible] there is obvio[us] appeal in the idea [of a] budget—which ma[y have a] significant event [for the] securities markets.

Profit 'too low for investment'

BY MARGARET REID

COMPANY PROFITS are too low to make much nationally desirable industrial investment worthwhile, the Wilson Committee on financial institutions is likely to be told in evidence from leading merchant banks within the next fortnight.

Sir Harold Wilson's committee has asked for preliminary submissions before Easter on finance for industrial investment. This is its priority subject, on which it is considering making an interim report to the Government by the end of the year.

Nine prominent bodies, including the Committee of London Clearing Bankers; the Accepting Houses Committee; the Stock Exchange; the Bank of England; and the Treasury have been asked for initial papers on the flow of finance to industry for the committee's next meeting on April 26.

Other bodies asked for an early preliminary paper are the Departments of Trade and Industry; Export Credits Guarantee Department; and the Committee of Scottish Clearing Banks.

Among those likely to meet the early deadline is the Accepting Houses Committee, representing the 17 top merchant banks which have a key role in advising companies and guiding them to appropriate sources of finance.

The committee will tackle initial Wilson questions about present arrangements for getting funds to industry through the banking system and the capital market; how the system has changed in recent years; and how decisions to invest or lend money are made.

A crucial point likely to be stressed is the difficulty companies have in seeing adequate rewards for investment. Only some schemes look like paying their way if they have to be financed with money raised at up to 15 per cent., or more.

Thus, there is a question mark over demand for funds at the same time as there is a proliferation of new bodies such as the National Enterprise Board, the new equity bank, Equity Capital for Industry, and others supplying them.

The clearing bankers will probably get their paper in by Easter, but the Stock Exchange evidence, expected to stress the crowding-out effect of heavy Government borrowing on the flow of finance, is unlikely to be ready before late April or early May.

Further evidence from the priority bodies and papers from a wide range of others will be called for later.

Present indications are that the committee will receive persuasive evidence that the capital markets system is generally working as well as it can in the subdued state of the economy.

Weather

U.K. TO-DAY

COLD with wintry showers of snow and sleet.

London, Cent. S. England, E. Midlands

Wintry showers or sleet or snow and bright intervals. Wind North fresh or strong. Max 4C (39F).

S.E., E. and Cent. N. England, E. Anglia

Snow showers. Bright spells.

Channel Is., S.W. England

Wintry showers. Sunny intervals. Wind N.E., moderate. Max. 6C (43F).

W. Midlands, Wales, N.W. England, Lakes, Is. of Man

Sunny spells. Snow showers. Wind North fresh. Max. 4C (39F).

N.E. England, Scotland, N. Ireland

Snow showers. Sunny spells. Wind N., strong. Max. 3C (37F).

Outlook: Becoming less cold.

BUSINESS CENTRES

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Amsterdm.	R	6	43	Manchstr.	C	14	57
Athens	F	18	64	Melbourne	C	18	64
Barcelona	S	17	63	Mexico C.	S	19	66
Beirut	S	23	73	Milan	F	17	63
Belfast	F	4	39	Montreal	S	4	39
Belgrade	S	24	75	Moscow	F	5	41
Berlin	C	5	41	Munich	R	10	50
Birmghm.	R	5	41	Newcastle	F	4	39
Bristol	R	5	41	New York	S	13	55
Brussels	C	9	48	Oslo	Sn	0	32
Budapest	F	15	59	Paris	R	12	54
B. Aires	C	26	79	Perth	S	24	75
Cairo	S	25	77	Prague	F	15	59
Cardiff	R	4	39	Reykjavik	C	3	37
Cologne	R	10	50	Rio de J'o	S	34	93
Copnhagn.	C	5	41	Rome	S	18	64
Dublin	C	5	41	Singapore	S	28	82
Edinburgh	F	3	37	Stockhlm.	Sn	−1	30
Frankfurt	R	10	50	Strasbrg.	C	12	54
Geneva	C	13	55	Sydney	S	26	79
Glasgow	F	4	39	Tehran	S	17	63
Helsinki	F	−2	28	Tel Aviv	S	21	70
H. Kong	S	14	57	Tokyo	C	9	48
Jo'burg	S	19	66	Toronto	H	4	39
Lisbon	C	16	61	Vienna	F	15	59
London	C	5	41	Warsaw	R	4	39
Luxembg.	R	5	41	Zurich	R	10	50
Madrid	F	16	61				

HOLIDAY RESORTS

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Ajaccio	F	17	63	Jersey	C	11	52
Algiers	C	19	66	Las Plms.	F	20	68
Biarritz	C	15	59	Locarno	C	15	59
Blackpool	C	5	41	Luxor	S	27	81
Bordeaux	C	15	59	Majorca	F	17	63
Boulogne	C	6	43	Malaga	S	18	64
Casablanca	C	18	64	Malta	S	19	66
Cape Town	S	24	75	Nairobi	S	21	70
Corfu	F	20	68	Nice	S	14	57
Dubrovnik	S	20	68	Oporto	C	16	61
Funchal	C	18	64	Salzburg	C	11	52
Gibraltar	F	16	61	Tangier	F	17	63
Guernsey	S	7	45	Tenerife	F	18	64
Innsbruck	R	8	46	Tunis	F	18	64
Inverness	R	3	37	Valencia	F	21	70
I. of Man	F	3	37	Venice	S	15	59

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sn—Snow. H—Haze.

New moves in reorganisation of BSC

By Roy Hodson

A FURTHER step in reshaping the British Steel Corporation's management has been taken by Sir Charles Villiers, chairman.

He is closing down a wholly-owned subsidiary called British Steel Corporation (U.K.) which holds and administers the corporation's £40m. interests in British companies and acts as a link with the private sector.

Mr. H. G. Mutkin, the executive director of BSC (U.K.), has resigned and will leave British Steel at the end of the month. He may return to the City. Mr. Mutkin worked for Peat, Marwick, Mitchell and Hill Samuel before joining the organising committee planning the nationalisation of steel in 1967 to assist the late Lord Melchett at BSC.

The work of British Steel Corporation (U.K.) will be integrated into the finance section of the corporation.

Podgorny pledges aid for guerillas

BY OUR OWN CORRESPONDENT

MUSI-O-TUNYA, ZAMBIA, March 27.

A DAY after pledging all necessary assistance for Rhodesia's black nationalist guerillas, President Nikolai Podgorny of the Soviet Union stood at the Victoria Falls to-day, using binoculars for a first look at the territory where the war is taking place.

President Podgorny arrived in Zambia on Saturday to a tumultous welcome from Tanzania and is due to leave on Tuesday for Mozambique to conclude his tour of the three "frontline" African states. The Soviet leader immediately set the tone for his visit by telling President Kenneth Kaunda his country would provide "all the necessary assistance, all the necessary measures so that all people in Africa under colonial oppression attain freedom and independence."

Against these comments, the President's foray to-day onto the banks of the Zambesi—a trip arranged by the Zambian Government—stood as a symbol of where the Soviet Union is looking next in Southern Africa.

Sheltered by umbrellas from the all-pervasive spray, President Podgorny peered first towards the Victoria Falls railway bridge, where the 1975 Rhodesia conference in a railway carriage midway across the single span failed, and asked what it was called.

Western diplomats in Lusaka have studiously played down the likely impact of President Podgorny's visit, saying that, for one thing, his pledges of assistance were predictable and that, for another, the west would not be panicked away from its avowed aim of seeking a peaceful settlement.

The question arises, however, of how long the west has got left to come up with something new before the threat of guerilla warfare is intensified. Zambian officials, while insisting that their government's non-alignment will not be shaken by the Russians, argue, too, that it will be increasingly difficult to control Soviet arms supplies to the guerillas if the war is seriously intensified.

To-day President Podgorny will be seeing Mr. Joshua Nkomo, the veteran Rhodesian nationalist and Mr. Sam Nujoma, the president of the South West African People's Organisation. Both stand committed to stepping up their respective wars, and Mr. Nujoma has gone on record as saying he wants Soviet and Cuban material aid to do so.

President Podgorny, who today came closer to Rhodesia than any other senior Kremlin official has done, is likely to discuss with them the amount, nature and price to be paid for increased arms supplies.

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